



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED 1Q 2012 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2012

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 2012 S\$'000	3 Months Ended 31 March 2011 S\$'000	Change %
Revenue			
Revenue from construction contracts	101,158	55,950	81
Revenue from sales of development properties	-	3,561	-100
Revenue from sales of goods	1,475	1,711	-14
Rental Income	376	315	19
	<u>103,009</u>	<u>61,537</u>	67
Other income	1,029	2,429	-58
Costs of construction	(88,199)	(48,532)	82
Costs of sales of development properties	-	(1,606)	-100
Cost of goods sold	(800)	(869)	-8
Depreciation and amortisation	(966)	(775)	25
Selling expenses	(278)	(942)	-70
Staff costs	(5,175)	(4,743)	9
Other expenses	(2,991)	(3,391)	-12
	<u>(98,409)</u>	<u>(60,858)</u>	62
Profit from operating activities	5,629	3,108	81
Finance income	562	241	>100
Finance expenses	(1,172)	(488)	>100
Net finance expense	<u>(610)</u>	<u>(247)</u>	>100
Share of profit of joint ventures, net of tax	797	609	31
Profit before income tax	5,816	3,470	68
Income tax	(806)	(483)	67
Profit for the period	<u>5,010</u>	<u>2,987</u>	68
Other comprehensive expense			
Translation differences relating to financial statements of foreign subsidiaries	(2,633)	(583)	>100
Exchange differences on monetary items forming part of net investment in a foreign operation	(152)	42	->100
Income tax on other comprehensive income	26	(7)	->100
Other comprehensive expense for the period	<u>(2,759)</u>	<u>(548)</u>	>100
Total comprehensive income for the period	<u>2,251</u>	<u>2,439</u>	-8

	3 Months Ended 31 March 2012 S\$'000	3 Months Ended 31 March 2011 S\$'000	Change %
Profit attributable to:			
Equity holders of the Company	5,009	2,139	>100
Non-controlling interests	1	848	->100
Profit for the period	5,010	2,987	68
Total comprehensive income attributable to:			
Equity holders of the Company	3,401	3,068	11
Non-controlling interests	(1,150)	(629)	83
Total comprehensive income for the period	2,251	2,439	-8
Earnings per share			
- Basic and diluted (cents) ¹	0.65	0.28	>100

¹ Based on 766,039,750 shares, net of non-controlling interests as at 31 March 2012 and 31 March 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 31 March 2012 S\$'000	3 Months Ended 31 March 2011 S\$'000	Change %
Business tax incentive	-	(1,576)	-100
Fees from management of properties	(95)	(77)	23
Gain on disposal of property, plant and equipment	(150)	-	100
Gain on disposal of spare parts & scrap materials	(142)	(34)	>100
Gain on disposal of investment properties	(346)	-	100
Operating lease expenses	194	211	-17
Tender expenses	145	66	>100
Travelling and transport	259	371	-30
Repair and maintenance expenses	518	370	40
Professional fees	89	175	-49

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

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	54,978	51,335	-	-
Intangible assets	7,286	7,593	-	-
Investment properties	19,289	20,231	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	26,723	15,600	-	-
Trade and other receivables	10,471	10,421	-	-
Other investments	6,222	6,227	-	-
Deferred tax assets	7,397	7,717	-	-
	132,366	119,124	59,624	59,624
Current assets				
Inventories	1,121	1,193	-	-
Construction work-in-progress	71,400	60,877	-	-
Development properties	311,595	308,720	-	-
Trade and other receivables	152,065	128,081	12	16
Amount due from related parties	21,052	23,183	53,326	53,326
Cash and cash equivalents	43,601	79,845	5,821	6,183
	600,834	601,899	59,159	59,525
Total assets	733,200	721,023	118,783	119,149
Equity attributable to equity holders of the Company				
Share capital	154,552	154,552	154,552	154,552
Reserves	(75,787)	(74,179)	(45,850)	(45,850)
Accumulated profits	130,308	125,299	7,619	8,298
	209,073	205,672	116,321	117,000
Non-controlling interests	47,809	48,959	-	-
Total equity	256,882	254,631	116,321	117,000
Non-current liabilities				
Trade and other payables	10,195	7,417	-	-
Loans and borrowings	101,817	87,806	-	-
Deferred tax liabilities	3,714	4,116	-	-
	115,726	99,339	-	-
Current liabilities				
Progress billings in excess of construction work-in-progress	1,196	1,525	-	-
Trade and other payables	226,155	216,308	2,458	2,141
Amount due to related parties	18,862	20,353	-	-
Loans and borrowings	93,813	112,730	-	-
Current tax payable	20,566	16,137	4	8
	360,592	367,053	2,462	2,149
Total liabilities	476,318	466,392	2,462	2,149
Total equity and liabilities	733,200	721,023	118,783	119,149

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
92,519	1,294	111,404	1,326

Amount repayable after one year

As at 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
101,817	-	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. ("Guanguan"), 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.

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 project Company undertaking the Xushuguan Project in Suzhou, as well as the shareholder's loan of S\$65.2 million, 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 the new Xushuguan project Company 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 2012	31 December 2011
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	-	5,111
Leasehold properties	8,847	8,926
Investment properties	1,002	1,013
Development properties	19,630	20,119
Plant and machinery	3,363	3,585
Deposits pledged	16,755	17,148
Total	49,597	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) Statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	3 Months Ended 31 March 2012 S\$'000	3 Months Ended 31 March 2011 S\$'000
Operating activities		
Profit from operating activities	5,629	3,108
Adjustments for:		
Allowance for doubtful trade receivables	2	80
Depreciation and amortization	1,825	1,421
(Gain)/loss on disposal of:		
- property, plant and equipment	(150)	-
- investment properties	(346)	-
- associate	-	19
- scrap material	(142)	(34)
Operating profit before working capital changes	6,818	4,594
Changes in working capital:		
Inventories	82	72
Construction work-in-progress	(10,859)	(17,063)
Development properties	(3,842)	(5,968)
Trade and other receivables	(23,410)	11,100
Balances with related parties (trade)	328	(606)
Trade and other payables	13,722	(1,938)
Cash generated from operations	(17,161)	(9,809)
Income taxes paid	(711)	(5,191)
Income taxes refunded	2,919	-
Net cash used in operating activities	(14,953)	(15,000)
Cash flow from investing activities		
Balances with related parties (non-trade)	1,725	(499)
Gross distributions received from joint ventures	8,000	-
Interest received	34	125
Loan to a joint venture	(16,966)	-
Proceeds from disposal of property, plant and equipment	161	3
Proceeds from sales of investment properties	414	-
Purchase of property, plant and equipment	(4,982)	(9,281)
Purchase of intangible assets	(68)	(84)
Net cash used in investing activities	(11,682)	(9,736)
Cash flow from financing activities		
Balances with related parties (non-trade)	(1,463)	(86)
Decrease in deposits pledged	382	-
Interest paid	(4,874)	(2,573)
Net cash outflow from repayment of quasi loan to non-controlling interests	-	(1,456)
Payments of finance lease liabilities	(20)	(41)
Proceeds from loans and borrowings	39,706	12,216
Repayment of loans and borrowings	(42,130)	(781)
Net cash (used in) / from financing activities	(8,399)	7,279
Net decrease in cash and cash equivalent	(35,034)	(17,457)
Cash and cash equivalent at beginning of the period	62,004	84,370
Effect of exchange rate changes on balance held in foreign currencies	(823)	918
Cash and cash equivalents at end of the period	26,147	67,831

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	-	-	-	-	-	-	5,009	5,009	1	5,010
Other comprehensive income										
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	3,041	(1,150)	2,251
<i>Total transaction with owners</i>	-	-	-	-	-	(1,608)	5,009	3,041	(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

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	-	-	-	-	-	-	2,139	2,139	848	2,987
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	894	-	894	(1,477)	(583)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	42	-	42	-	42
Income tax on other comprehensive income	-	-	-	-	-	(7)	-	(7)	-	(7)
Total other comprehensive income / (expense)	-	-	-	-	-	929	-	929	(1,477)	(548)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	929	2,139	3,068	(629)	2,439
Contributions by and distributions to owners										
Repayment of quasi loan from non-controlling interests	-	-	-	-	-	-	-	-	(1,456)	(1,456)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(1,456)	(1,456)
<i>Total transaction with owners</i>	-	-	-	-	-	929	2,139	3,068	(2,085)	983
At 31 March 2011	154,552	(77,720)	(179)	3,442	67	(4,341)	100,533	176,354	46,681	223,035

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
(Loss) or profit / Total comprehensive income for the period	-	-	(679)	(679)
At 31 March 2012	154,552	(45,850)	7,619	116,321
At 1 January 2011	154,552	(45,850)	7,769	116,471
(Loss) or profit / Total comprehensive income for the period	-	-	(432)	(432)
At 31 March 2011	154,552	(45,850)	7,337	116,039

- 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 2012.

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

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

The Company has a total of 766,039,750 shares as at 31 March 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 31 March 2012	3 Months Ended 31 March 2011
	(cents)	(cents)
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):		
(a) Based on weighted average number of ordinary shares on issue; and	0.65	0.28
(b) On a fully diluted basis	0.65	0.28

The earning per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares as at 31 March 2012 and 31 March 2011.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	27.29	26.85	15.18	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 1Q2012 compared to 1Q2011

Revenue

Revenue increased by approximately S\$41.5 million or 67% from approximately S\$61.5 million in 1Q2011 to approximately S\$103.0 million in 1Q2012, attributable mainly to an increase in revenue from construction contracts of approximately S\$45.2 million offset with a decrease in revenue from sales of development properties of approximately S\$3.6 million.

Revenue from construction contract

Increase in revenue was mainly due to increase in work done for new/on-going projects, being The Wharf Residences, Volari, Hotel at Upper Pickering Street projects, Hundred Trees, Tree House, Waterway Terraces I and The Glyndebourne which resulted in an aggregated increase in revenue by S\$64.5 million as compared to the same period in 1Q2011. The increase was lowered by the decrease in work done for projects, being NUS Staff Housing at Kent Vale, Hilltops and Shelford Suites totalling S\$19.8 million.

In accordance with our revenue recognition policy, work done amounting to approximately S\$11.2 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 31 March 2012.

Revenue from sales of development properties

Revenue from sales of property development in 1Q2011 was contributed mainly from the sale of 4 units totaling 1,165 sqm in Tianmen Jinwan Building in Tianjin. As at 31 March 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 are 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 decreased by approximately S\$0.2 million in 1Q2012 due to lower sales volume in 1Q2012.

Cost of construction

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

Cost of goods sold

Decrease in cost of goods sold was generally in line with the decrease in revenue from sales of goods.

Depreciation and amortisation expenses

Increase in depreciation and amortisation expenses of approximately S\$0.2 million in 1Q2012 was due mainly to higher amortisation expenses of patented technology of S\$0.3 million in current period.

Selling expenses

Decrease in selling expenses of approximately S\$0.7 million in 1Q2012 was 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.

Staff costs

Increase in staff costs of approximately S\$0.4 million in 1Q2012 was due mainly to additional headcount to support new construction and current property development projects.

Other Expenses

Other expenses decreased by approximately S\$0.4 million in 1Q2012 due mainly to aggregate decrease in travelling and transport expenses, advertisement expenses and professional fees totaling approximately S\$0.3 million.

Finance Income

Finance income increased by approximately S\$0.3 million in 1Q2012 due mainly to increase in accretion of discount implicit in retention sum receivables.

Finance expenses

Finance expenses increased by approximately S\$0.6 million in 1Q2012 due mainly to an appreciation in SGD vis-à-vis Renminbi, which resulted in an exchange loss of approximately S\$0.9 million in current period.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S\$0.2 million in 1Q2012 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 period, the Group's corporate income tax increased \$0.5 million in current period. The increase was offset by decrease in land appreciation tax of \$0.2 million in current period.

Profit for the period

Profit in 1Q2012 increased by approximately S\$2.0 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 31 March 2012, non-current assets stood at S\$132.4 million or approximately 18.1% of total assets, an increase of approximately S\$13.3 million.

Increase in property, plant and equipment ("PPE") of S\$3.7 million was due mainly to additions amounting to S\$4.9 million which was offset by depreciation charges of S\$1.3 million.

Increase in associates and joint ventures by S\$11.1 million were due mainly to a loan to a joint venture of approximately S\$17.0 million and share of profit of joint ventures of S\$0.8 million. The increase was offset by net receipt of distribution from joint ventures of S\$6.6 million in current period.

Current Assets

As at 31 March 2012, current assets stood at S\$600.9 million or approximately 81.9% of total assets. Current assets decreased by approximately S\$1.1 million.

The increase in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of approximately S\$10.2 million was due mainly to increase in work-in-progress from on-going and new projects as at 31 March 2012.

The increase in development properties by S\$2.9 million was due mainly to increase in development costs for ongoing development projects, Sunny International and Equinox projects by approximately S\$3.0 million.

Trade and other receivables increased by S\$24.0 million due mainly to increase in retention sums, trade receivables, accrued receivables and deposits and prepayments of approximately S\$2.7 million, S\$7.4 million, S\$11.2 million and S\$1.7 million respectively. As at 31 March 2012, 100% of the trade receivables balance are current and not overdue.

There was a decrease in cash and cash equivalents of approximately S\$36.2 million, mainly due to net increase in trade and other receivables by \$23.4 million, a loan to a joint venture of S\$17.0 million and changes to net loan repayment of \$2.4 million.

Non-Current Liabilities

As at 31 March 2012, non-current liabilities totaled S\$115.7 million or approximately 24.3% of total liabilities, an increase of S\$16.4 million compared to 31 December 2011.

Non-current portion loans and borrowings increased by S\$14.0 million due mainly to new loans of S\$14.8 million obtained from banks to finance our property development projects. The increase was offset by repayment of loans approximately of \$0.8 million.

Current Liabilities

As at 31 March 2012, current liabilities stood at S\$360.6 million or approximately 75.7% of total liabilities, a decrease of S\$6.5 million compared to 31 December 2011.

The decrease was due mainly to increase of approximately S\$14.3 million in aggregate in trade and other payables and current tax payables, offset by decrease in loans and borrowings and amount due to related parties of approximately \$20.4 million in aggregate.

Trade and other payables increased by approximately S\$9.8 million due mainly to increase in accrued payable of approximately S\$14.0 million due mainly to additional construction projects which commenced construction in current period. The increase was offset by decrease in retention sum payable of approximately S\$1.7 million and payments to subcontractors for completed projects of approximately \$4.7 million.

Decrease in loans and borrowings of approximately S\$18.9 million was mainly due to repayment to financial institutions and banks of approximately S\$34.1 million, offset by new loans obtained of approximately S\$13.9 million.

Decrease in amount due to related parties of approximately S\$1.5 million was mainly due to repayment of non-trade amount due to minority shareholders and joint ventures of approximately S\$5.7 million in aggregate, offset by increase in loans from minority shareholders of approximately S\$3.9 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the 3 months ended 31 March 2012, the Group recorded a net cash outflow from operating activities of S\$14.9 million, decreased by S\$0.1 million as compared to the previous corresponding period ended 31 March 2011.

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

- (a) Net increase in construction work-in-progress by S\$10.9 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\$3.8 million, due mainly to additional development property costs for Sunny International and Equinox projects.
- (c) Net increase in trade and other receivables by S\$23.4 million, due mainly to increase in accrued receivables and trade receivables from construction projects.

- (d) Net increase in trade and other payables by S\$13.7 million, due mainly to increase in accrued trade payables for projects with their increase in work done.

Net cash from investing activities

For the 3 months ended 31 March 2012, the Group recorded a net cash outflow from investing activities of S\$11.7 million, increased by S\$2.0 million as compared to the previous corresponding period ended 31 March 2011.

The increase in net cash outflow from investing activities was due mainly to purchase of property, plant and equipment of S\$5.0 million and loan to a joint venture of approximately S\$17.0 million, offset by dividend received from joint ventures of S\$8.0 million and net cash inflow from balances with related parties of S\$1.7 million.

Net cash from financing activities

For the 3 months ended 31 March 2012, the Group recorded a net cash outflow from financing activities of S\$8.4 million, compared to the previous corresponding period ended 31 March 2011 of net cash inflow of S\$7.3 million.

This was due mainly to net payment of loans and borrowings of S\$2.4 million, interest paid of approximately S\$4.9 million and net cash outflow from balances with related parties of approximately S\$1.5 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

Against the subdued global economic backdrop, Singapore's economic growth is likely to remain restrained in 2012. The total construction demand is projected to range between S\$21 billion - S\$27 billion for 2012, compared to S\$32 billion recorded in a year ago. The expected softening is largely due to lower projected demand from the private sector of between S\$8 billion and S\$12 billion. For 2013 and 2014, the average construction demand is projected to range between S\$19 billion - S\$27 billion per annum, of which, about 56% - 63% is expected to come from the public sector¹.

At large, the operating landscape is expected to remain challenging, with higher construction costs, higher material costs and foreign workers' levies, reduction in the number of foreign workers, and stiff competition from large foreign contractors.

Tiong Seng is equipped with investments in technology such as pre-cast construction, automation, training to improve productivity and efficiency, and advanced formwork systems to reduce its reliance on labour and increase cost efficiencies. As such, the Group believes that it remains in good stead for the long haul, particularly amid the government's recent call for higher productivity within the construction sector.

The Group continued its momentum with 3 new construction contract wins in 4Q2011, and its construction order book as at 31 March 2012 remains robust with a strong pipeline of orders valued at approximately S\$1.25 billion.

The Group expects to complete the construction of the "Tiong Seng Prefab Hub" in Tuas for automating the manufacture of pre-cast building components by mid-2012. Coupled with its investment in Cobiax, a cutting-edge green construction technology that reduces the volume of concrete used in slabs by as much as 30%, the Group believes it will have an added head-start maximising productivity and efficiency.

Property Development in the PRC

The Chinese property market continued its downward correction with the government's series of measures² to cool the property market over the last year. The authorities have put in place further tightening measures such as higher down-payments for mortgages, price caps on real estate², and home purchase restrictions in more cities, and these measures are expected to be maintained in the immediate term³. The government is also boosting housing supply by constructing 10 million affordable housing units.

Faced with liquidity pressures and tighter credit controls, developers have also started reducing selling prices of residential units during the last quarter of 2011. Some property developers have started cutting prices by 20% to 30% on some projects in coastal cities such as Shanghai. Going forward, sales volume is expected to decline this year in view of lacklustre demand in the tier-one and tier-two markets².

In the longer term, PRC's urbanisation is expected to continue to drive demand for quality housing in China. Its current urbanisation rate of 47% still lags behind the 85%⁴ 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 2030⁵.

As at 31 March 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 and Phase 3 are expected to commence in 2Q2012. Commencement of construction of residential project in Suzhou New District Xushuguan Development Zone is expected to be in 2Q2012.

The Group will continue to monitor policy changes closely and focus on the sales and development of its China projects, and look for more opportunities to build its development land bank where possible.

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

² "China should maintain property curbs: Vice Premier", The Business Times, 29 November 2011

³ "China November home price in biggest drop this year", Today, 2 December 2011

⁴ "China's urbanisation rate to reach 50% by 2020", Chinadaily.com.cn, quoting the 2009 City Development Report of China, 5 Dec 2010.

⁵ "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
10 May 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 1st quarter financial statements for the financial period ended 31 March 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

10 May 2012