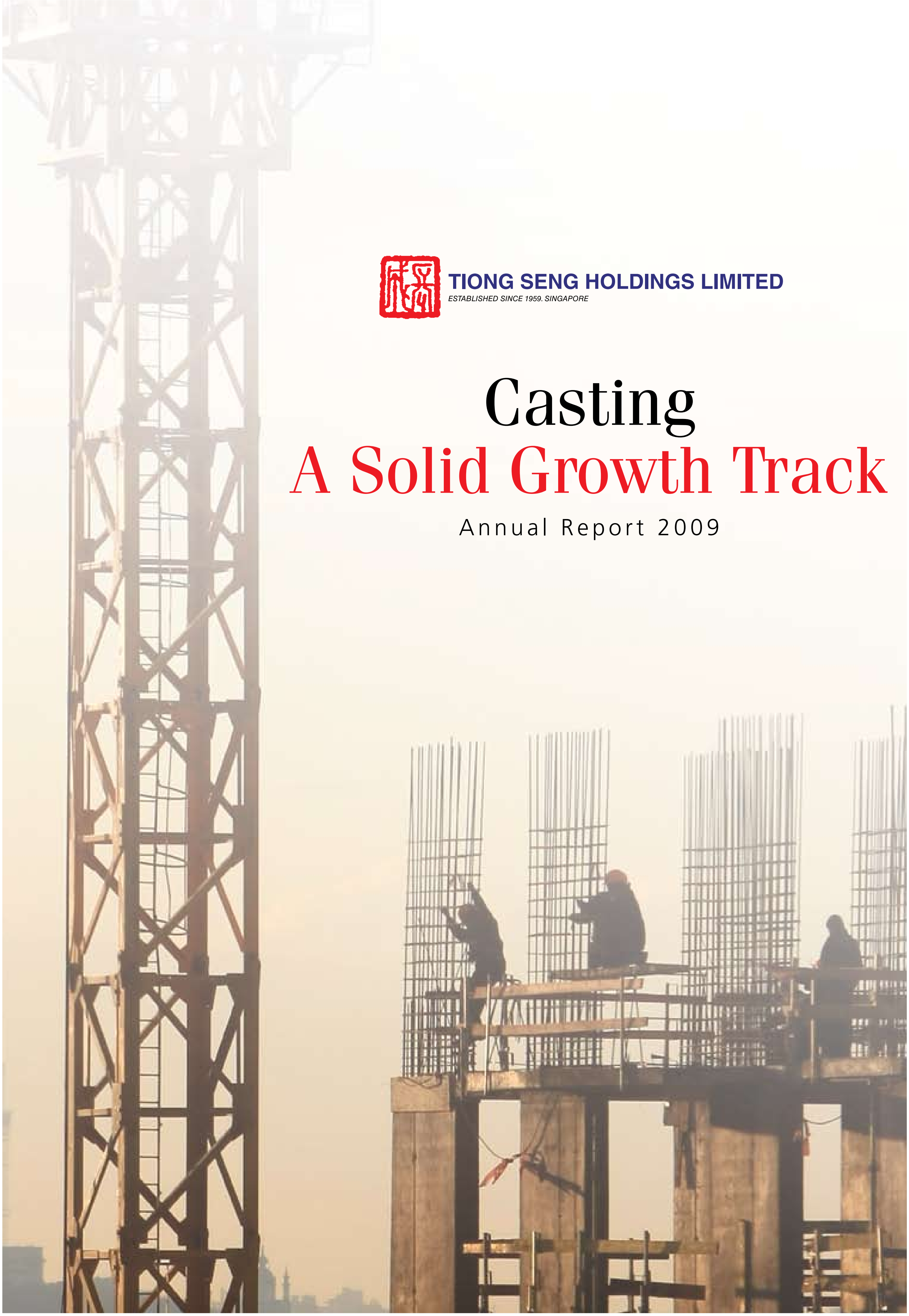

TIONG SENG HOLDINGS LIMITED
ESTABLISHED SINCE 1959. SINGAPORE

Casting
A Solid Growth Track

Annual Report 2009

TIONG SENG HOLDINGS LIMITED Annual Report 2009

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With an established track record of over 50 years, we are one of the leading building construction and civil engineering contractors in Singapore. We hold the highest BCA grading of A1 for both general building and civil engineering which qualifies us to undertake public sector construction projects with unlimited contract value.

Tiong Seng Holdings is principally engaged in building construction and civil engineering in Singapore, as well as property development in the PRC.

Through the use of pre-casting and advanced formwork systems, we are able to shorten the construction time and reduce our reliance on human labour, resulting in higher productivity and cost efficiencies.

Our property development business focuses on developing residential and commercial projects in various second- and third-tier cities in the PRC. We have successfully developed properties in Tianjin, Suzhou and Yangzhou. Currently, we have four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC.

Accreditations & Awards

As a result of our high quality of work and service standards, we have received accreditations and awards from various government bodies and industry authorities in many areas over the years:

SAFETY

RoSPA Award for Industry Safety from 2006 – 2010
Awarded High Commendation Award in 2008 and 2009
Awarded by Royal Society for the Prevention of Accidents (UK)

BCA Design & Engineering Safety Excellence Award 2009
Awarded by Building & Construction Authority of Singapore

Environmental, Health & Safety Excellence Award in 2005, 2006, 2007 and 2009
Awarded by City Developments Limited

Annual Safety and Health Performance Award in 2005 and 2006
Awarded by the Ministry of Manpower

WSH Best Practices Award in 2007
Awarded by the Ministry of Manpower

QUALITY

BCA Construction Excellence Award in 2004, 2006, 2007 and 2009
Awarded by Building & Construction Authority of Singapore

BUSINESS EXCELLENCE

BCA Built Environment Leadership Awards — Gold in 2009
Awarded by Building & Construction Authority of Singapore

Construction 21 Best Practice Award in 2004 and 2006
Awarded by Building & Construction Authority of Singapore

SCAL Award in 2003
Awarded by Singapore Contractors Association Limited

ENVIRONMENTAL AWARENESS

BCA Green and Gracious Builder Award in 2009
Awarded by Building & Construction Authority of Singapore

BCA Green Mark Award in 2005, 2006, 2008 and 2009
Awarded by Building & Construction Authority of Singapore

PUB Watermark Award in 2007
Awarded by Public Utilities Board

PUB Friends of Water in 2006
Awarded by Public Utilities Board

INNOVATION

WSH Innovation Award in 2006
Awarded by the Ministry of Manpower

ARCHITECTURAL

URA Architectural Heritage 2009 Awards — Category A
Awarded by the Urban Redevelopment Authority

ACCREDITATIONS

ISO 9001
Since 1995

OHSMS 18001
Since 2002

ISO 14001
Since 2002

Singapore Quality Class
Awarded by Spring Singapore, since 2002

Our Construction & Civil Engineering Projects

During the year, we have completed a major hotel project, Capella at Sentosa, and the specialised foundation / piling works at Marina Bay Financial Centre Tower 3. As at 17 February 2010, our order book for construction and civil engineering projects, based on secured contracts, amounted to approximately S$953 million, where the following projects are currently in construction progress:

Private Residential / Condominiums

- Hilltops
- Hundred Trees
- Shelford Suites
- Sky @ 11
- The Wharf
- The Wilkie
- The Volari
- Tribeca

Institutional

- Kent Vale NUS Staff Housing

Hotels

- Hotel at Upper Pickering Street
- Sentosa Integrated Resorts[1]

Commercial[2]

- Central Boulevard Office Building
- Marina Boulevard Financial Centre (Commercial component)

Civil Engineering – Infrastructure

- Design & construction of stations and tunnels for stage 2 of Downtown line[3]
- Upgrading and sealing of roads in Papua New Guinea

(1) 40-60 joint venture with Kajima Overseas Asia
(2) 30-70 joint venture with Kajima Overseas Asia
(3) 30-70 joint venue with GS Engineering and Construction Corporation

Our Property Development Projects

We are a niche player in developing private properties in the PRC, specialising in commercial, residential and mixed use projects in the second and third tier cities, such as Tianjin, Suzhou and Yangzhou.

We have completed our single largest development to date of approximately 66,000 sqm for the mixed property development in Tianjin, the Tianmen Jinwan Building, during the financial year 2009. Currently, we have four ongoing projects in the Bohai Economic Rim, which is one of the main economic zones of the PRC. The Tianjin Binhai New Area within the Bohai Economic Rim is one of the most important areas in the PRC's 11th five-year plan for National Economy and Social Development. Our four ongoing projects, located in the upcoming area of Bohai Economic Rim and the Tianjin Binhai New Area, are as follows:

Sunny International Project, Cangzhou
Mixed residential and commercial development

Dagang
Landed properties and low rise developments in Guangang Forest Park

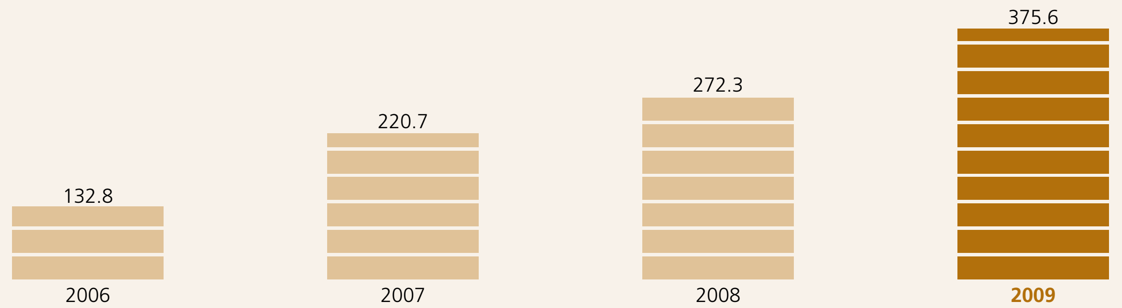
Zizhulin Commercial Development, Tianjin

Tianjin Eco-City
Partnership with the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (SSTEC) to develop a residential land parcel within the Start Up Area

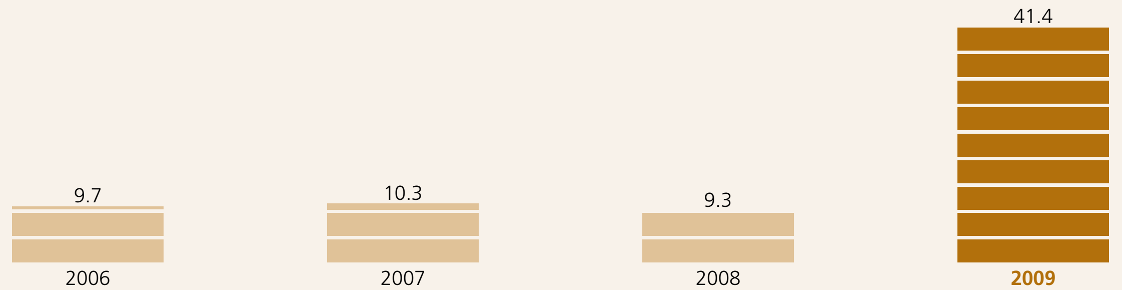
Financial Highlights

For the financial year ended 31 December

Overall Revenue (SGD'million)

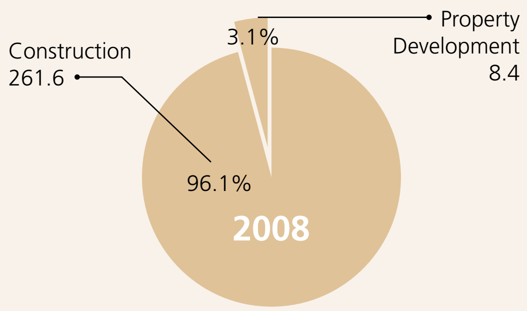


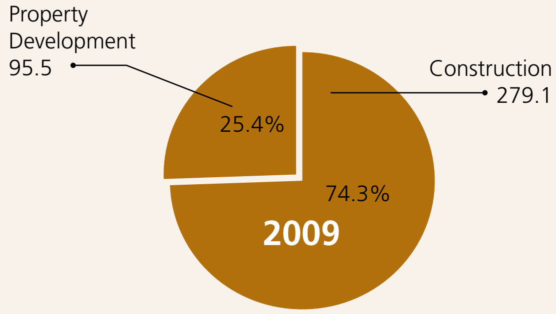
Net Profit^ (SGD'million)



^ Excluding minority interests

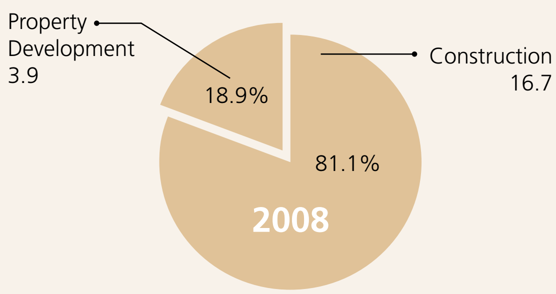
Revenue By Business Segments* (SGD'million)

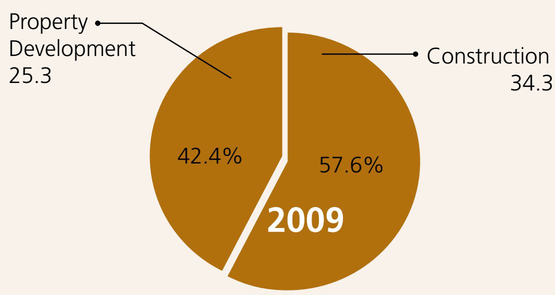




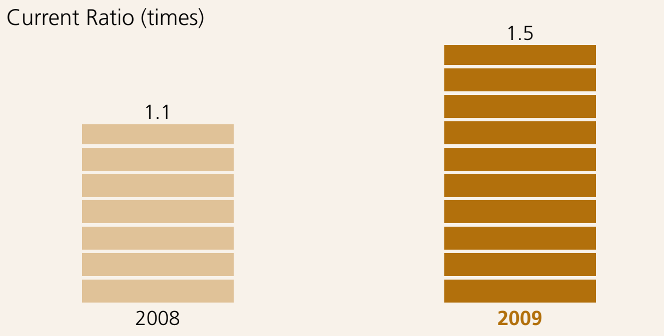
* The balance is made up of rental income, which is insignificant and hence not represented in the above charts

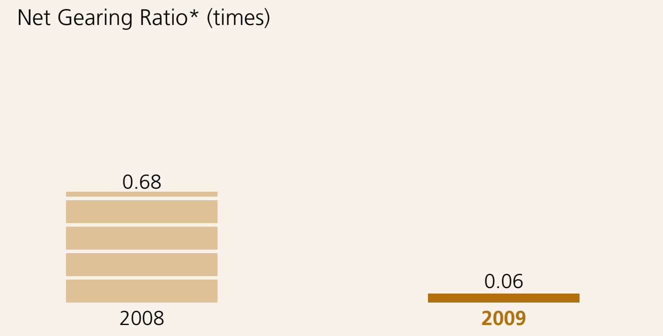
Gross Profit (SGD'million)





Financial Ratios: Liquidity





* Defined as (total debt – cash and cash equivalents) / total equity

Financial Position (SGD'million)	FY2008	FY2009
Total equity	93.8	144.3
Shareholders' equity	63.1	97.6
Net current assets	22.2	93.4
Cash & cash equivalents	10.9	32.8

Liquidity (SGD'million)	FY2008	FY2009
Net cash generated from operating activities	4.1	64.3
Net cash (used in) investing activities	(33.9)	(0.1)
Net cash generated from/(used in) financing activities	17.6	(27.2)

(SGD'million)	As at 31 Dec 2008	As at 31 Dec 2009
Total Assets	366.0	367.3
Total Liabilities	272.2	223.1
NAV^	11.2 cents	17.3 cents
EPS^	1.6 cents	7.3 cents
Market Capitalisation: S$211.1 million (As at 16 April 2010)		

^ Based on pre-invitation share capital of 564,995,750 shares and excluding minority interests

Message to Shareholders

With our expert capabilities and clear growth strategies, we have every reason to be excited about Tiong Seng's future. We will continue to tap the growth opportunities in Asia, focusing on construction and civil engineering activities in Singapore and property development in China.

Pek Ah Tuan
Non-Executive Chairman
Pek Lian Guan
Executive Director & CEO

Dear Shareholders,

On behalf of the Board of Directors, it is our pleasure to welcome you as shareholders of the Company. Tiong Seng crossed a major milestone in the Company's 50-year history on 16 April 2010 with its listing on the main board of the Singapore Exchange. Our listing exercise, which involved the sale of 189 million New Shares at S$0.28 each, was approximately 1.8 times subscribed, having received strong interest from institutional and retail investors. We are extremely grateful for the response and would to thank all of you for choosing to invest in the clear growth strategies of Tiong Seng.

Raising net proceeds of approximately S$48 million for our future expansion, we intend to allocate S$20 million for the construction of our pre-casting facilities, S$17 million to expand our property development business in China, S$9 million for loan repayment, and the remaining S$2 million for working capital.

With our listing, we are ready to take Tiong Seng to the next phase of growth.

Casting a Solid Growth Track

During the year in review, we completed a few major hotel and commercial projects such as Capella and specialised foundation/piling works for the Marina Bay Financial Centre. In 2009, we secured a total of approximately S$442 million worth of contracts and this excludes the sizeable S$583 million contract for the Central Boulevard Office Building, which was secured together with our joint venture partner, Kajima Overseas Asia Pte Ltd.

On the civil engineering side, we secured a contract worth S$430 million from the Land Transport Authority to design and construct stations and tunnels at Hillview and Cashew for stage 2 of the Downtown Line, in partnership with GS Engineering and Construction Corporation.

Despite the challenging macro-economic environment, we are pleased to report that we managed to achieve healthy topline and bottomline growth. The Group's revenue for FY2009 rose 37.9% to S$375.6 million as compared to S$272.3 million for the full year 2008 ("FY2008"). Our net profit attributable to shareholders soared

to S$41.4 million for the year, as compared to S$9.3 million in the previous year. This was largely due to the increase in revenue and profit contributions arising from the completion and sales of our development project in Tianjin, the Tianmen Jinwan Building.

Our FY2009 results pushed the Group's earnings per share to 7.33 Singapore cents, an increase of more than four-fold, as compared to 1.64 Singapore cents in FY2008. Net asset value per share, excluding the Group's minority interests, stood at 17.3 Singapore cents as at 31 December 2009, as compared to 11.2 Singapore cents last year.

Business Prospects

As the global economic recovery continues, the Building and Construction Authority ("BCA") has projected that construction demand in Singapore will reach between S$21 billion and S$27 billion this year, and a further S$18 billion and S$25 billion in each of 2011 and 2012. Public sector construction demand is supported by the expansion of the Rapid Transit System network and road developments in Singapore whilst private sector construction activities are expected to increase with improved market sentiments.

In addition, the Singapore Government's recent initiatives to improve productivity put us in good stead to cope with the new measures such as the increase in foreign workers' levy, as we have been actively investing in and using technologies such as pre-casting and advanced formwork systems which not only reduce our reliance on labour but also increase our cost efficiencies. We believe that our plan of constructing an automated pre-cast factory in Singapore will further strengthen our competitive position.

In the PRC, we believe that increased urbanisation and purchasing power will continue to drive demand for real estate properties in the second- and third-tier cities. For instance, within the fast growing Bohai Economic Rim is the Tianjin Binhai New Area ("TBNA"), one of the most important areas in the PRC's 11th five-year plan for National Economy and Social Development. It is anticipated that TBNA will be "China's third economic engine" and the "new growth pole" of North China, which puts it in the same league as the Shenzhen Special Economic Zone in the 1980s and the Shanghai Pudong New Area in the 1990s.

Recognising the PRC government's efforts to stimulate investments in the Bohai Economic Rim, Tiong Seng ventured into Tianjin in 2006 with the development of a residential cum commercial project in the heart of Tianjin City. Tapping into the rapid development of the Bohai Economic Rim, the Group currently has four on-going projects in the region, including a joint venture project in the Sino-Singapore Tianjin Eco-City.

On 29 April 2010, our Group significantly expanded our scope of participation in the development of Tianjin Eco-City with the signing of a joint venture contract with Sino-Singapore Tianjin Eco-city Investment and Development Co., Ltd. and a new strong partner, Mitsui Fudosan Residential Co., Ltd, a subsidiary of Mitsui Fudosan Co., Ltd, one of the largest real estate developers in Japan. Whilst the introduction of the new partner has revised our stakeholdings in the venture, it has broadened the scope of our involvement in the project to include two additional plots of land to develop in Tianjin Eco-City over the next three

years, which together represent a four-fold increase in total development area to more than 360,000 square metres, and a total gross development value of an estimated RMB4.5 billion. Over and above our participation as a co-developer, this tripartite partnership further expanded our initial scope of the construction management services to be provided by our Group to manage the construction works on these three plots of land.

We see immense benefits from this joint venture and believe that our increased participation will give Tiong Seng a larger foothold in Tianjin Eco-City. Our strategic positioning and track record have clearly given us a good lead, and we believe we are well-poised to seize further opportunities presented by TBNA's promising prospects going forward.

Looking Ahead

With our expert capabilities and clear growth strategies, we have every reason to be excited about Tiong Seng's future. The Group will continue to tap the growth opportunities in Asia, focusing on construction and civil engineering activities in Singapore and property development in China.

With our diverse expertise and experience in large-scale projects, we will continue to bid for a wide spectrum of projects in Singapore and shall focus on securing larger-scale construction projects in both the public and private sectors.

In the PRC, with our stronger and wider foothold in Tianjin, we shall strive to focus on actively acquiring land use rights to develop residential and commercial properties in the second- and third-tier cities and expand our footprints in the PRC.

Acknowledgments

Tiong Seng would not have had the privilege of being publicly listed had it not been for the tireless dedication, loyalty and commitment of our management and staff. Our first Annual Report is a tribute to the various teams who have worked hard to build the strong foundation on which Tiong Seng – the listed company – stands.

We would also like to take this opportunity to express our heartfelt appreciation to all our customers, joint venture partners, business associates, as well as the fellow directors on the Board – we look forward to your continued input and advice.

We bid a warm welcome to our shareholders and investors. We look forward to your continued confidence and trust as we take Tiong Seng to its next phase of growth. I assure you that we will continue to focus our efforts to deliver more value to all of our shareholders, and we look forward to meeting you at our Annual General Meeting.

Pek Ah Tuan
Non-Executive Chairman

Pek Lian Guan
Executive Director & CEO

Board of Directors

MR PEK AH TUAN

Non-Executive Chairman

Mr Pek Ah Tuan is one of the founders of our Group, and has approximately 50 years of experience in major earthwork, road and bridge construction, civil engineering and building work, and property development and entrepreneurial activities in Singapore, the PRC, Socialist Republic of Vietnam and Laos. He played a vital role in charting the corporate direction of our Group. By spearheading the push to venture into various overseas markets such as Laos, Papua New Guinea and the PRC in the earlier years, he helped to establish a foothold for our Group in the overseas markets on which we subsequently expanded. As one of the founders of our Group, Mr Pek had contributed significantly to the early stages of our Group's development.

MR PEK LIAN GUAN

Executive Director and Chief Executive Officer

Mr Pek Lian Guan started his career at Tiong Seng Contractors upon his graduation, with a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom, in 1989. In 1993, he was appointed as the Director of Tiong Seng Contractors and soon became the Deputy Managing Director in 1997. Mr Pek has approximately 20 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the PRC, Vietnam, Laos and India. Under the leadership of Mr Pek, the Group won numerous awards including amongst others, the Singapore Quality Class Recognition since 2002, RoSPA High Commendation Award for Excellence in Health & Safety at Work in the Construction Industry from the Royal Society for the Prevention of Accidents (UK) and the BCA Built Environment Leadership Awards. Besides his appointment in our Group, Mr Pek currently sits on the Board of The BCA and the Singapore Green Building Council.

MR PAY SIM TEE

Executive Director

Mr Pay Sim Tee first started his career in the construction industry at Tiong Seng Contractors in 1977. In 1989, he became a director of Tiong Seng Contractors and is primarily in charge of our road construction projects in PNG. Mr Pay has more than 30 years of experience in earthwork, road and bridge construction, civil engineering and building work, and experience in Singapore, the PRC, Socialist Republic of Vietnam, PNG and Laos. He is also in charge of property development and human resource.

MR LEE IT HOE

Non-Executive Director

Mr Lee It Hoe is currently an executive director of UOB Kay Hian Pte Ltd, a stockbroking company, and is responsible for the management and supervision of the trading representatives. He has also been a director of Grand Orient Securities Pte Ltd, another stockbroking company, since 1984. As Mr Lee has been in the brokerage industry since 1981 and had previously worked in Tiong Seng Contractors as a projects management executive back in the early 1960s, his business acumen is an asset to our Group. Mr Lee was appointed to the Board on 24 February 2010.

Board of Directors

MR ONG LAY KHIAM

Lead Independent Director

Mr Ong Lay Khiam has worked in the banking and finance industry in Singapore since 1971, principally as a commercial banker. Mr Ong has held various positions in local financial institutions during his long career. After retiring in June 2007, he joined Nanyang Technological University as the inaugural Executive Director, Lien Ying Chow Legacy Fellowship but left the post in September 2008 to resume his banking career at UBS AG, Wealth Management. He is currently an Executive Director of UBS AG, Wealth Management. He was also an Adjunct Associate Professor attached to the Nanyang Technopreneurship Centre of the University from July 2007 to June 2009. Mr Ong has served 12 years as a Council Member of the Singapore Chinese Chamber of Commerce and Industry (1987 – 1999) and is currently an Honourary Council member of the Chamber.

Mr Ong graduated with First Class Honours in Accountancy from Nanyang University in 1971. He also holds a Master's degree in Accounting and Finance from the London School of Economics and Political Science, University of London (1974) and is a member of the Institute of Certified Public Accountants of Singapore. Mr Ong was appointed to our board of Directors on 24 February 2010.

MR ANG PENG KOON, PATRICK

Independent Director

Mr Patrick Ang is the Deputy Managing Partner of one of the largest law firms in Singapore, Rajah & Tann LLP, and is the head of the firm's banking, restructuring and insolvency department, one of the largest such specialised departments in Singapore and the region. He has had over 19 years of experience handling both contentious and non-contentious matter and one of his key areas of expertise is in corporate restructuring and insolvency, acting for financial institutions and companies in many major and publicised cases.

Over the years, Mr Ang has been consistently recognised internationally, in Asia and in Singapore as a leading lawyer in his field in consecutive years by Asian Legal Business Legal Who's Who Singapore, AsiaLaw Leading Lawyers, Asia Law & Practice, Asialaw Profiles, International Who's Who of Insolvency and Restructuring Lawyers, Euromoney Guide To The World's Leading Insolvency and Restructuring Lawyers, International Financial Law Review 1000, Asia Pacific Legal 500 and Chambers Global — The World's Leading Lawyers. Currently, he is a member of the Singapore Ministry of Law Working Committee dealing with legislative reform in Singapore in relation to corporate insolvency and personal bankruptcy law and a Life Fellow and director of the Insolvency Practitioners Association of Singapore. In addition, he is also a lecturer in Civil Procedure at the Postgraduate Practice Law Course and a regular speaker at conferences/seminars. As of 24 November 2009, he has been appointed as a Director of Esplanade Co Ltd.

Mr Ang holds a Bachelor of Law (2nd Upper Division Honours) from the National University of Singapore. Mr Ang was appointed to our board of Directors on 24 February 2010.

Senior Management

MR PEK DIEN KEE

Head of Asset Management

Mr Pek Dien Kee has been with our Group since 1975. He is in charge of the Procurement Department and his job scope includes approving the purchase of project work materials and services, conducting periodic evaluations of and selecting competent suppliers for our projects. In addition, he is also in charge of the Procurement Department of our subsidiary in PNG, TSC (PNG) and our workshop at Fan Yoong Road, which maintains and upkeep the plant and equipment for Tiong Seng Contractors.

As such, he took charge of the purchases of the required plant and equipment for the workshop to support various project worksites, both for local and overseas projects. Since 1989, he has been involved in the management of PNG's road construction projects with our Executive Director, Mr Pay Sim Tee.

MR PAY TEOW HENG

Project Director

Mr Pay Teow Heng has 18 years of experience in administration, coordination and managing of building construction and civil engineering projects in Singapore. He takes charge of projects and oversees the various kinds of construction projects that Tiong Seng Contractors undertake in Singapore, from civil engineering to the construction of buildings. His current job scope also includes the management of the tender process for projects. Mr Pay holds a Bachelor of Civil Engineering (Hons) from Loughborough University of Technology, United Kingdom.

MR ANDREW KHNG

Head of Administration

Mr Andrew Khng is in charge of general corporate matters for our Group and has been with our Group since 1981. To date, Mr Khng has 16 years of experience in administration, coordination and managing of civil engineering and building construction projects in Singapore. He has also undertaken overseas projects in India. He currently sits on the board of various companies outside our Group, some of which include Singapore Mongolia Investment Corporation Pte Ltd and Singapore Contractors Association Limited. As of June 2009, Mr Khng is also the president of Singapore Contractors Association Limited.

MR CHOO HONG CHUN

Financial Controller

Mr Choo Hong Chun has been with our Group since October 2003 and his responsibilities include managing all financial, accounting, tax and banking matters for our Group. Prior to joining the Group, Mr Choo was an audit manager with an International Big Four Accounting Firm. Mr Choo graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. In addition, he has been a Certified Public Accountant recognised by the Institute of Certified Public Accountants of Singapore since 1998.

MR ONG CHUN TIONG

General Manager, Tianjin, PRC

Mr Ong Chun Tiong has been overseeing our subsidiaries in Tianjin, PRC, since 2004. He joined our Group in 1998 and was responsible for our Group's expansion into new markets in the construction industry. Mr Ong graduated from the London School of Economics and Political Science with a Master Degree of Science in 1998, specialising in Analysis, Design and Management of Information Systems. In 2003, he further obtained a Master of Science in Project Management from the National University of Singapore.

MR BAO JIAN FENG

General Manager, Jiangsu, PRC

Mr Bao Jian Feng has been the General Manager of our Group for our subsidiaries in the Jiangsu Province, PRC, since 1996 and is mainly in charge of Suzhou Huisheng and Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. Mr Bao graduated from the Suzhou Economic Management Institute (苏州经济管理干部学院) in July 1989 with a Diploma in Economic Management.

Corporate Information

REGISTERED OFFICE

510 Thomson Road,
#08-00 SLF Building,
Singapore 298135
Tel: (65) 6356 0822
Fax: (65) 6356 0688
Company Registration Number: 200807295Z
Website: www.tiongseng.com.sg

BOARD OF DIRECTORS

Mr Pek Ah Tuan (Non-Executive Chairman)
Mr Pek Lian Guan (Executive Director and CEO)
Mr Pay Sim Tee (Executive Director)
Mr Lee It Hoe (Non-Executive Director)
Mr Ong Lay Khiam (Lead Independent Director)
Mr Ang Peng Koon, Patrick (Independent Director)

COMPANY SECRETARIES

Ms Shirley Lim Keng San, FCIS
Ms Hazel Chia Luang Chew, FCIS
KCS Corporate Services Pte Limited
36 Robinson Road #17-01
Singapore 068877
Tel: (65) 6311 3233
Fax: (65) 6311 3256

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDIT COMMITTEE

Chairman
Mr Ong Lay Khiam

Members
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick

NOMINATING COMMITTEE

Chairman
Mr Ang Peng Koon, Patrick

Members
Mr Pek Lian Guan
Mr Ong Lay Khiam

REMUNERATION COMMITTEE

Chairman
Mr Ang Peng Koon, Patrick

Members
Mr Lee It Hoe
Mr Ong Lay Khiam

AUDITORS & REPORTING ACCOUNTANTS

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-charge: Tan Huay Lim, appointment commenced from the audit of the financial statements for the year ended 31 December 2009

PRINCIPAL BANKERS

DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Hong Kong and Shanghai Banking Corporation
United Overseas Bank Limited

Corporate Governance Report

The Board of Tiong Seng Holdings Limited (the "Company") is committed to maintaining high standards of corporate governance by adopting and complying (where possible) with the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") issued by the Corporate Governance Committee, with the aim to preserve and enhance shareholders' value. The Company recognizes that good corporate governance processes are essential for enhancing corporate sustainability.

As the Company was converted to a public company on 1 April 2010 and was listed on the official list of the Singapore Exchange Trading Securities Limited's ("SGX-ST") Mainboard on 16 April 2010, this report describes the corporate governance framework and practices that the Company would be adopting with reference to the Code.

(A) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board is primarily responsible for overseeing and supervising the management of the business affairs of the Group and Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The function of the Board includes:

(i) providing effective leadership, setting corporate strategy and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

(ii) advising Management on major policy initiatives and significant issues;

(iii) approving the Group's annual budgets, major investment and divestment proposals, material acquisitions and disposal of assets, interested person transactions of a material nature and funding decisions;

(iv) evaluating the adequacy of internal controls and risk management, financial compliance reporting;

(v) evaluating the performance and compensation of directors and senior management;

(vi) approving nominations and appointment of Board members and key personnel; and

(vii) setting the Group's values and standards through the implementation of corporate governance and best practices.

Some of these roles are carried out directly or through Board Committees.

Regular scheduled meeting will be conducted on a quarterly basis to review interim and annual results, strategic policies of the Group, significant business transactions and performance of the business. Ad-hoc meetings will be held as and when required to address any significant issues that may arise in between the scheduled meetings. The Company's Articles of Association provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

The Board is supported by the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to facilitate effective management and to assist the Board in discharging its responsibilities to enhance the Group's corporate governance framework. The composition and terms of reference of each Committee are described in this report. All Board Committees are chaired by an Independent Director and a majority of the members are independent Directors.

No meetings were held in FY2009 as the Board and Board Committees were formed after the Company's listing on the SGX-ST.

Corporate Governance Report

Newly appointed Directors will receive an orientation that includes briefing by Management on the Group's structure, businesses, operations and policies. Directors who are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing.

As an ongoing exercise, the Directors will also be updated on amendments and requirements of the SGX-ST and other statutory and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

Principle 2: Board Composition and Balance
The Board comprises six directors, of whom two are independent. The list of directors is as follows:

Pek Ah Tuan	(appointed on 24 February 2010)	(Non-Executive Chairman)
Pek Lian Guan		(Executive Director & CEO)
Pay Sim Tee	(appointed on 24 February 2010)	(Executive Director)
Lee It Hoe	(appointed on 24 February 2010)	(Non-Executive Director)
Ong Lay Khiam	(appointed on 24 February 2010)	(Lead Independent Director)
Ang Peng Koon, Patrick	(appointed on 24 February 2010)	(Independent Director)

The size and composition of the Board will be reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary skills sets and core competencies for effective decision making. The Board is of the opinion that its current board size of six Directors is appropriate, taking into account the nature and scope of the Group's operations.

As a Group, the members of the Board brings with them a broad range of expertise in areas such as accounting, finance, management experience, understanding of industry and customers as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows the useful exchange of ideas and views. The profile of the Board members is set out in the section entitled "Board of Directors" of the Annual Report.

Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions will provide alternative perspectives to the Group's business. When challenging Management proposals or, decisions, they will bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Code's definition of an independent director and guidelines as to relationships which would deem a director not to be independent.

Principle 3: Chairman and Chief Executive Officer ("CEO")
To ensure an appropriate balance of power such that no one individual represents a considerable concentration of authority, the roles of Non-Executive Chairman and CEOs are separate.

Corporate Governance Report

The Non-Executive Chairman, Mr Pek Ah Tuan, is one of the founders of the Group. Mr Pek Lian Guan, son of Mr Pek Ah Tuan, is the CEO of the Company. As CEO, Mr Pek Lian Guan is responsible for business strategy and directions, formulation of the Group's corporate plans and policies and day-to-day management affairs of the Group. He ensures effective and comprehensive Board discussion on these matters and monitors the translation of the Board's decisions into executive actions. He also ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction and informal meetings with Management.

Notwithstanding the relationship between the Chairman and the CEO, the Board is of the view that there are sufficient safeguards and checks to ensure that the decision making process of the Board is independent and based on collective decision of the Board without any individual exercising any considerable concentration of power or influence. In line with the recommendations in the Code, Ong Lay Khiam has been appointed Lead Independent Director of the Company to address the concerns, if any, of the Company's shareholders.

Principle 4: Board Membership
The NC comprises three members, a majority of whom, including the Chairman, are independent Directors.

Ang Peng Koon, Patrick (Chairman)
Ong Lay Khiam
Pek Lian Guan

The principal functions of the NC in accordance with its written terms of reference are as follows:

1. to review the Board and Board Committees' structure, size and composition and make recommendations to the Board, where appropriate;
2. to determine the process for search, nomination, selection and appointment of new board members and assessing nominees or candidates for appointment to the Board;
3. to determine, on an annual basis, if a Director is independent;
4. to recommend the nomination of Directors who are retiring by rotation to be put forward for re-election;
5. to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations; and
6. to assess the effectiveness of the Board as a whole and for assessing the contribution of each of the Director to the effectiveness of the Board.

In accordance with the Company's Articles of Association, every Director is required to retire at least once every three years and, shall be eligible for re-election. All newly appointed Directors will have to retire at the next Annual General Meeting ("AGM") following their appointments. The retiring Directors are eligible to offer themselves for re-election. Pursuant to Article 88 of the Company's Articles of Association, all the directors of the Company who were newly appointed will have to retire at the forthcoming AGM.

Principle 5: Board Performance
As the Company was only listed on the SGX-ST on 16 April 2010, an evaluation of the Board's performance will be conducted for FY2010 to provide the Board with more time and opportunity to interact with one another. The Board will adopt a Board evaluation format to assess the effectiveness of the Board as a whole and the evaluation process will be carried out by the NC on an annual basis.

Corporate Governance Report

Principle 6: Access to Information

All Directors have separate and independent access to the Group's Chairman, CEO, Senior Management, Company Secretary and internal and external auditors at all times. The Board exercises its discretion to seek independent professional advice if deemed necessary to ensure that full information and advice is available before important decisions are made.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three members, a majority of whom, including the Chairman, are Independent Directors.

Ang Peng Koon, Patrick (Chairman)
Ong Lay Khiam
Lee It Hoe

The principal functions of the RC in accordance with its written terms of reference are as follows:

1. to review and recommend to the Board a framework of remuneration and determine the specific remuneration packages and terms of employment of the Directors and key executives of the Group;

2. to function as the committee referred to in the Tiong Seng Share Award Scheme ("the Scheme") and shall have all the powers as set out in the Scheme; and

3. to carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

The scope of the RC's review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of shareholders.

If required, the RC will seek external expert advice inside on remuneration matters.

Principle 8: Level and Mix of Remuneration

The RC takes into consideration the prevailing economic situation, skills, expertise and contribution to the Company's performance, the pay and employment conditions within the industry and in comparable companies in reviewing and determining the remuneration packages of the Executive Directors and key executives.

The RC also reviews all matters concerning the remuneration of the Independent directors to ensure that the remuneration commensurate with the contribution and responsibilities of the directors. The Company submits the quantum of Directors' fees of each year to the shareholders for approval at each AGM.

The RC had recommended to the Board an amount of S$490,000 for the financial year ending 31 December 2010, payable half yearly in arrears.

These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

Corporate Governance Report

Mr Pek Lian Guan, CEO and Executive director of the Company, had signed a service agreement with the Company for an initial term of 3 years commencing from 16 April 2010 and shall be automatically renewed for a further three years on the same terms. The service agreement may be terminated with 6 months' notice in writing served by either party on the other.

No Director is involved in deciding his or her own remuneration.

Principle 9: Disclosure on Remuneration

The annual remuneration band of each individual Director and key executives for the financial year ended 31 December 2009, disclosed in the Company's Prospectus dated 7 April 2010, is as follows:

	FY2009
Directors	
Pek Ah Tuan	Band II
Pek Lian Guan	Band II
Pay Sim Tee	Band II
Lee It Hoe	–
Ong Lay Khiam	–
Ang Peng Koon, Patrick	–
Executive Officers	
Pek Dien Kee	Band II
Pay Teow Heng	Band II
Andrew Khng	Band II
Choo Hong Chun	Band I
Ong Chun Tiong	Band I
Bao Jian Feng	Band I

Note:

(1) Band I: Compensation from S$0 to S$250,000 per annum.
Band II: Compensation from S$250,001 to S$500,000 per annum.

None of the employees of the Group, who are immediate family members of a director or the CEO, had remuneration exceeding S$150,000 during the year.

No awards were vested under the Tiong Seng Share Award Scheme in the financial year ended 31 December 2009.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board aims to provide a balanced and understandable assessment of the Group's financial performance to shareholders.

Financial results are released on a quarterly basis to the shareholders within the timeline as stipulated in the SGX-ST Listing Manual. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapoare Financial Reporting Standards and approved by the Board before release to the SGX-ST and the public through SGXNET.

Corporate Governance Report

Management provides the Board with information on the Group's performance position and prospects on quarterly basis. This is supplemented by updates on matters affecting the financial performance, business of the Group, if any.

Principle 11: Audit Committee

The AC comprises three members, a majority of whom including the Chairman, are Independent Directors:

Ong Lay Khiam (Chairman)
Ang Peng Koon, Patrick
Lee It Hoe

The AC shall meet at least 4 times a year and, as and when deemed appropriate to carry out its function.

The Board believes that the AC members are appropriately qualified to discharge their duties and responsibilities. The principal functions of the AC in accordance with its written terms of reference are as follows:

1. to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response thereto;

2. to review the half-yearly and, where applicable, quarterly, and annual financial statements before submission to our board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

3. to review the internal control procedures and ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

4. to consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

5. to review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

6. to review the Group's hedging policies procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging policies approved by our Board;

7. to review potential conflicts of interest, if any, including reviewing the annual confirmations from the relevant parties and that the terms of the non-compete undertakings remain valid;

8. to undertake such other reviews and projects as may be requested by the board of Directors, and report to the board of Directors its findings from time to time on matters arising and requiring the attention of the AC;

Corporate Governance Report

9. to review and discuss with the external auditors any suspected frauds or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Group's operating results or financial position, and Management's response;

10. to nominate and review the appointment or re-appointment of external auditors;

11. to review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or, other matters;

12. to undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

13. to generally undertake such other functions and duties as may be required by statutes or the Listing Manual, or by such amendments as may be made thereto from time to time.

KPMG LLP, Certified Public Accountants was appointed external auditors of the Company on 12 February 2010. The AC will review non-audit services, if any, provided by the auditors, on an annual basis to determine whether provision of such services would affect the independence or, objectivity of the external auditors. The AC had recommended to the Board the nomination of KPMG LLP, Certified Public Accountants, for re-appointment as auditors at the forthcoming AGM.

The Group has put in place a Whistle-Blowing Programme which provides well-defined and accessible channels in the Group through which employees may raise concern about fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner.

Principle 12: Internal Controls
The Board ensures that Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. This system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational system.

Principle 13: Internal Audit
The AC with the assistance of the internal and external auditors, will review the adequacy of the Company's internal controls and risk management policies and systems established by Management on an annual basis. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

The Group has appointed PricewaterhouseCoopers LLP to carry out the internal audit function. The internal auditor reports directly to the AC Chairman. The role of the internal auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC. The AC will assess the adequacy of the internal audit function on an annual basis.

Corporate Governance Report

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation
The Group continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Company is mindful of the need for regular and proactive communication with its shareholders. The Company disseminates all price-sensitive information to its shareholders via SGXNET on a non-selective basis. Quarterly results are published through the SGXNET and news releases.

All shareholders of the Company receive its Annual Report and notice of AGM. The notice of AGM is also advertised in the newspaper. The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The Chairmen of the AC, NC and RC of the Company are normally present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the directors in addressing any relevant queries by shareholders.

Dealings in Securities

The Group had adopted a policy governing dealings in securities of the Company for Directors and its officers. The Company and its officers are prohibited from dealing in securities of the Company for the periods commencing two weeks before the release of the quarterly results and at least one month before the release of full year results and at all times, whilst in possession of unpublished price-sensitive information.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC.

Save for the transactions described in the Company's prospectus dated 7 April 2010, the Company will announce any interested persons transaction in accordance with the SGX-ST Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3% or more of the Group's latest audited net tangible assets.

Risk Management

The Board currently does not have in place a risk management committee. However, Management reviews the Group's business and operational activities on a regular basis to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. Any significant matters detected by Management are reported to the AC and Board.

The Company had also on 16 April 2010, appointed PricewaterhouseCoopers LLP as its Governance Advisor for a period of 2 years, to advise the Board on the formulation and implementation of a robust framework of reporting and accountabilities; effective internal controls and risk management framework and system; good corporate governance and board governance practices and policies; and compliance with the Listing Rules and guidelines provided in the Code.

Corporate Governance Report

Material Contracts

Saved for the Restructuring Exercise and the Service Agreement entered with the CEO (as disclosed in the Company's prospectus dated 7 April 2010), there were no material contract entered into by the Company or any of its subsidiaries involving the interest of the Directors.

Use of IPO Proceeds

The Company raised net IPO proceeds amounting to approximately S$48 million from the initial public offering of its shares.

As at 30 April 2010, the net IPO proceeds of S$48 million has not been utilized.

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

DIRECTORS

The directors in office at the date of this report are as follows:

Pek Ah Tuan	(Appointed on 24 February 2010)
Pek Lian Guan	
Pay Sim Tee	(Appointed on 24 February 2010)
Lee It Hoe	(Appointed on 24 February 2010)
Ong Lay Khiam	(Appointed on 24 February 2010)
Ang Peng Koon, Patrick	(Appointed on 24 February 2010)

RESTRUCTURING EXERCISE

On 18 March 2010, pursuant to a Restructuring Exercise as set out in Note 9, Tiong Seng Shareholdings Pte. Ltd. and Peck Tiong Choon (Private) Limited became the immediate and ultimate holding companies of the Company, respectively.

ADMISSION OF THE COMPANY TO THE OFFICIAL LIST OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Company was converted into a public limited company on 1 April 2010 and changed its name from Tiong Seng Holdings Pte. Ltd. to Tiong Seng Holdings Limited.

The Company's share were listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 16 April 2010.

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Pek Lian Guan		
The Company		
– ordinary shares		
– interests held	1	1

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company either at the beginning of the year or at the end of the financial year.

Directors' Report

There are no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2010.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a Company in which he has a substantial financial interest.

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are:

Ong Lay Khiam	Independent director (Chairman)
Ang Peng Koon, Patrick	Independent director
Lee It Hoe	Non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held one meeting as at the date of this report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption and approval; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

Directors' Report

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has reviewed the independence of the auditors as required under Section 206(1A) of the Companies Act and determined that the auditors were independent in carrying out their audit of the financial statements.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

Pursuant to a director's resolution dated 12 February 2010, KPMG LLP was appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

Singapore
7 May 2010

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 28 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009, and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

Singapore
7 May 2010

Independent Auditors' Report

to members of Tiong Seng Holdings Limited

We have audited the accompanying financial statements of Tiong Seng Holdings Limited (the Company), which comprise the statement of financial position as at 31 December 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 38. The financial statements of the Company as at and for the period ended 31 December 2008 were unaudited as the Company was exempted from audit under the Companies Act, Chapter 50.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

to members of Tiong Seng Holdings Limited (Cont'd)

In our opinion:

(a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
7 May 2010

Statement of Financial Position

As at 31 December 2009

	Note	2009 $'000	2008 $'000
Current asset			
Cash and cash equivalents	4	52	–*
Total asset		52	–*
Equity attributable to equity holder of the Company			
Share capital	5	–*	–*
Accumulated losses		(253)	(79)
Total equity		(253)	(79)
Current liabilities			
Other payables		224	–
Amount due to an affiliated corporation	6	81	79
Total liabilities		305	79
Total equity and liabilities		52	–*

* The value is less than $1,000

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 $'000	Period from 15/4/2008 to 31/12/2008 $'000
Revenue		–	–
Other expenses		(174)	(79)
Loss before income tax		(174)	(79)
Income tax expense	7	–	–
Loss and total comprehensive income for the year/period		(174)	(79)

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

Year ended 31 December 2009

	Share capital $'000	Accumulated losses $'000	Total equity $'000
At 15 April 2008 (date of incorporation)	–*	–	–
Total comprehensive income for the period	–	(79)	(79)
At 31 December 2008	–*	(79)	(79)
At 1 January 2009	–*	(79)	(79)
Total comprehensive income for the year	–	(174)	(174)
At 31 December 2009	–*	(253)	(253)

* The value of the share capital is less than $1,000

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 December 2009

	2009 $'000	Period from 15/4/2008 to 31/12/2008 $'000
Operating activities		
Loss from operating activities	(174)	(79)
Operating profit before working capital changes	(174)	(79)
Changes in working capital:		
Other payables	224	–
Net cash from operating activities	50	(79)
Cash flows from financing activities		
Balances with an affiliated corporation (non-trade)	2	79
Issue of share	–	–*
Net cash from financing activities	2	79
Net increase in cash and cash equivalent	52	–*
Cash and cash equivalent at beginning of the year/period	–*	–
Cash and cash equivalent at end of the year/period	52	–*

* The value is less than $1,000

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 May 2010.

1. DOMICILE AND ACTIVITIES

Tiong Seng Holdings Limited ("the Company") was incorporated in the Republic of Singapore on 15 April 2008 as a private limited company under the name of Tiong Seng Holdings Pte. Ltd. On 1 April 2010, the Company was converted into a public company and changed its name to Tiong Seng Holdings Limited. The Company has its registered office at 510 Thomson Road #08-00 SLF Building, Singapore 298135.

The principal activities of the Company are those of an investment holding company. The Company was incorporated to be the holding company of Tiong Seng Contractors (Private) Limited and its subsidiaries (collectively known as "the Group") pursuant to the Restructuring Exercise as set out in Note 9.

The Company was admitted to the official list of the Mainboard of SGX-ST on 16 April 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets comprised of loans and receivables.

Loans and receivables are financial assets with fixed or determined payments that are not quoted in an active market. The Company's loans and receivables comprised of cash and cash equivalents.

Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and bank deposits.

The Company's non-derivative financial liabilities comprised of other payables and amount due to an affiliated corporation and are categorised as liabilities at amortised cost.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Impairment — financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

All impairment losses are recognised in profit or loss. Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

3.3 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the financial statements.

4. CASH AND CASH EQUIVALENTS

The cash balances as at 31 December 2008 and 2009 were not interest bearing.

5. SHARE CAPITAL

	No. of share	S$
Fully paid ordinary share, with no par value:		
At date of incorporation		
— issue of subscribers' share	1	1
At 31 December 2008 and 2009	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity plus any loans from other group companies with no fixed terms of repayment, less unaccrued proposed dividends.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Singapore Companies Act.

The Company is not subject to externally imposed capital requirements.

6. AMOUNT DUE TO AN AFFILIATED CORPORATION (NON-TRADE)

The non-trade amount due to an affiliated corporation is interest-free and unsecured. Pursuant to the Restructuring Exercise (Note 9), the affiliated corporation became the subsidiary of the Company.

Notes to the Financial Statements

7. INCOME TAX EXPENSE

	2009 $'000	Period from 15/4/2008 to 31/12/2008 $'000
Reconciliation of effective tax rate		
Loss before income tax	(174)	(79)
Income tax expenses using Singapore tax rate of 17% (2008: 18%)	(30)	(14)
Expenses not deductible for tax purposes	30	14
	–	–

8. FINANCIAL RISK MANAGEMENT

Overview

As the Company is part of a larger group, the group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the business activities.

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Company's business. The Company follows the Group's risk management policies and guidelines, which set out the Company's overall business strategy and tolerance of risk.

The Company is not exposed to any significant interest rate and foreign currency risks.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company, as and when they fall due. Cash are placed with banks and financial institutions which are regulated.

Liquidity risk

The Company monitors its liquidity risk and ensures that it has sufficient cash on demand to meet expected operational expenses by obtaining financing from related parties. The contractual undiscounted cash flows of the financial liabilities as at the reporting date approximate the carrying amounts and are required to be paid within one year.

Fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents and other payables) are assumed to approximate their fair values.

Notes to the Financial Statements

9. RESTRUCTURING EXERCISE

Prior to the Restructuring Exercise, Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors") was the holding company of the Group. Pursuant to a group restructuring (the "Restructuring Exercise") in preparation for the listing of the Company on SGX-ST, the Company underwent a Restructuring Exercise involving the followings subsequent to the reporting date:

(i) Acquisition of 40% of the entire equity interest in Chang De Investment Private Limited by Tiong Seng Contractors

Pursuant to a sale and purchase agreement dated 18 March 2010, Tiong Seng Contractors acquired the remaining 40% of the entire issued share capital of Chang De Investment Private Limited ("Chang De Investment"), comprising 400,000 ordinary shares from Solid Resources Investments Ltd, for an aggregate consideration of approximately $2.26 million.

The purchase consideration of $2.26 million was arrived at after taking into consideration the net asset value of Chang De Investment as at 30 June 2009. This was fully satisfied by the allotment and issue of 5,453 new shares in the capital of Tiong Seng Contractors to Peck Tiong Choon (Private) Limited, the ultimate shareholder of Solid Resources Investments Ltd, on 18 March 2010. The value of the new shares issued in Tiong Seng Contractors was based on the net asset value of Tiong Seng Contractors as at 30 June 2009.

(ii) Acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings Pte. Ltd.

Pursuant to a share swap agreement dated 18 March 2010, Tiong Seng Shareholdings Pte. Ltd. ("Tiong Seng Shareholdings") acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,453 ordinary shares for an aggregate consideration of approximately $99.8 million, from PTC.

The purchase consideration of approximately $99.8 million was arrived at after taking into consideration the net asset value as of 31 December 2009 of Tiong Seng Contractors and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of 205,452 shares in the capital of Tiong Seng Shareholdings, credited as fully paid, to the shareholders of Tiong Seng Contractors and the transfer of 1 share in the capital of Tiong Seng Shareholdings from Pek Lian Guan to Pek Ah Tuan.

(iii) Transfer of the entire equity interest in Suzhou Huisheng Construction Development Co., Ltd. to Chang De Investment

On 16 March 2010, Tiong Seng Contractors transferred its entire equity interest of US$6,000,000 in Suzhou Huisheng Construction Development Co., Ltd. ("Suzhou Huisheng") to Chang De Investment for a consideration of US$6,000,000.

Notes to the Financial Statements

9. RESTRUCTURING EXERCISE (CONT'D)

(iv) Acquisition of the entire equity interest in Tiong Seng Contractors by the Company

Pursuant to a share swap agreement dated 18 March 2010, the Company acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,453 ordinary shares, from Tiong Seng Shareholdings. The purchase consideration of approximately $99.8 million was arrived at after taking into consideration the net asset value of Tiong Seng Contractors as at 31 December 2009 and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of 1,027,264 shares in the capital of the Company, credited as fully paid, to Tiong Seng Shareholdings and its nominees and the transfer of 1 share in the capital of the Company from Pek Lian Guan to Pek Ah Tuan.

(v) Transfer of entire equity interest in Chang De Investment to the Company

On 18 March 2010, Tiong Seng Contractors, in accordance with the terms and conditions of a sale and purchase agreement dated 18 March 2010, transferred its entire equity interest in Chang De Investment, comprising 1,000,000 shares, to the Company, for a consideration of approximately $5.6 million such that the Company owns 100% of the equity interest in Chang De Investment.

As at 18 March 2010, as a result of the Restructuring Exercise, Tiong Seng Shareholdings Pte. Ltd. and Peck Tiong Choon (Private) Limited became the immediate and ultimate holding companies of the Company, respectively.

The Restructuring Exercise is accounted for as a combination of business under common control, in a manner similar to the "pooling of interest" method. Such a manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established until 18 March 2010.

The resultant effects of the Restructuring Exercise on the financial statements of the combining companies for the financial years ended 31 December 2008 and 2009 have been presented as supplementary financial information to this annual report.

10. COMPARATIVE INFORMATION

The Company was exempted from presenting audited financial statements under the Companies Act, Chapter 50 for the period ended 31 December 2008. As the Company no longer meets the exemption criteria for the year ended 31 December 2009, the comparative information are presented for the first time.

Supplementary financial information

Tiong Seng Holdings Limited and its subsidiaries

Combined Financial Statements
Year ended 31 December 2009

Statement by Directors

In the opinion of the directors, the financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 43 to 121 are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year then ended 31 December 2009, in accordance with Singapore Financial Reporting Standards.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

Singapore
7 May 2010

Independent Auditors' Report

to members of Tiong Seng Holdings Limited

Members of the Company
Tiong Seng Holdings Limited

We have audited the accompanying combined financial statements of Tiong Seng Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2009 and the combined statement of comprehensive income, the combined statement of changes in equity and combined statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 121.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

to members of Tiong Seng Holdings Limited (Cont'd)

In our opinion, the combined financial statements of the Group present fairly, in all material respects, the financial position of the Group as at 31 December 2009 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with Singapore Financial Reporting Standards.

This report, including the opinion, has been prepared for and only for the Company's members for inclusion in the Annual Report of the Company.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
7 May 2010

Combined Statement of Financial Position

As at 31 December 2009

	Note	2009 $'000	2008 $'000
Non-current assets			
Property, plant and equipment	5	23,064	38,591
Intangible assets	6	260	–
Investment properties	7	22,688	24,623
Associates and joint ventures	9	27,105	10,203
Trade and other receivables	10	9,004	15,331
Amounts due from related parties (trade)	11	–	334
Other investments	12	1,162	3,192
Deferred tax assets	13	2,726	937
		86,009	93,211
Current assets			
Construction work-in-progress	14	14,151	11,584
Development properties	15	80,236	121,890
Trade and other receivables	10	127,104	105,889
Amounts due from related parties	11	27,006	22,022
Cash and cash equivalents	16	32,841	10,932
Asset classified as held for sale	17	–	439
		281,338	272,756
Total assets		367,347	365,967
Equity attributable to equity holders of the Company			
Share capital	18	20,000	20,000
Reserves	19	(1,518)	(641)
Accumulated profits		79,099	43,729
		97,581	63,088
Minority interest		46,683	30,663
Total equity		144,264	93,751
Non-current liabilities			
Trade and other payables	20	5,463	7,026
Amounts due to related parties	11	6,724	10,170
Loans and borrowings	21	22,032	3,439
Deferred tax liabilities	13	885	1,062
		35,104	21,697

The accompanying notes form an integral part of these financial statements.

Combined Statement of Financial Position

As at 31 December 2009

	Note	2009 $'000	2008 $'000
Current liabilities			
Progress billings in excess of construction work-in-progress	14	2,390	2,695
Trade and other payables	20	132,788	143,744
Amounts due to related parties	11	12,225	21,926
Loans and borrowings	21	19,467	71,694
Current tax payable		21,109	10,460
		187,979	250,519
Total liabilities		223,083	272,216
Total equity and liabilities		367,347	365,967

The accompanying notes form an integral part of these financial statements.

Combined Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Revenue			
Revenue from construction contracts	22(a)	279,086	261,561
Revenue from sales of development properties	22(b)	95,529	8,431
Rental income	22(c)	1,010	2,322
		375,625	272,314
Other income	23(a)	8,799	2,476
Costs of construction		(244,800)	(244,846)
Costs of sales of development properties		(70,198)	(4,554)
Depreciation and amortisation		(1,794)	(1,828)
Selling expenses		(1,251)	(456)
Staff costs	23(c)	(8,563)	(8,246)
Other expenses	23(b)	(10,437)	(12,113)
		(337,043)	(272,043)
Profit from operating activities		47,381	2,747
Finance income	24	3,639	4,564
Finance expenses	24	(5,475)	(3,593)
Net finance (expenses)/income		(1,836)	971
Share of loss of associates, net of tax		–	(1)
Share of profit of joint ventures, net of tax		19,983	6,981
Profit before income tax		65,528	10,698
Income tax	25	(13,884)	(2,916)
Profit for the year		51,644	7,782
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries		(1,872)	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation		(20)	(38)
Net change in the fair value of available-for-sale investments		73	(137)
Income tax on other comprehensive income		(9)	32
Other comprehensive income for the year, net of tax		(1,828)	3,481
Total comprehensive income for the year		49,816	11,263

The accompanying notes form an integral part of these financial statements.

Combined Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Profit attributable to:			
Equity holders of the Company		41,402	9,272
Minority interest		10,242	(1,490)
Profit for the year		51,644	7,782
Total comprehensive income attributable to:			
Equity holders of the Company		40,658	10,551
Minority interest		9,158	712
Total comprehensive income for the year		49,816	11,263
Earnings per share			
– Basic and diluted (cents)	26	7.33	1.64

The accompanying notes form an integral part of these financial statements.

Combined Statement of Changes in Equity

Year ended 31 December 2008

Group	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
At 1 January 2008	20,000	(189)	189	112	(2,769)	35,212	52,555	20,351	72,906
Total comprehensive income for the year									
Profit or loss	–	–	–	–	–	9,272	9,272	(1,490)	7,782
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	1,422	–	1,422	2,202	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	–	(38)	–	(38)	–	(38)
Net change in the fair value of available-for-sale investments	–	–	–	(137)	–	–	(137)	–	(137)
Income tax on other comprehensive income	–	–	–	25	7	–	32	–	32
Total other comprehensive income	–	–	–	(112)	1,391	–	1,279	2,202	3,481
Total comprehensive income for the year	–	–	–	*(112)*	*1,391*	*9,272*	*10,551*	*712*	*11,263*

The accompanying notes form an integral part of these financial statements.

Combined Statement of Changes in Equity

Year ended 31 December 2008

Group	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
Transaction with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of disposals of a subsidiary	–	–	–	–	(18)	–	(18)	1,701	1,683
Total changes in ownership interests in subsidiaries	–	–	–	–	(18)	–	(18)	1,701	1,683
Contributions by and distributions to owners									
Capital contribution by minority shareholders	–	–	–	–	–	–	–	7,899	7,899
Total contributions by and distributions to owners	–	–	–	–	–	–	–	7,899	7,899
Total transaction with owners	–	–	–	–	*(18)*	–	*(18)*	*9,600*	*9,582*
Transfer to statutory reserve	–	–	755	–	–	(755)	–	–	–
At 31 December 2008	20,000	(189)	944	–	(1,396)	43,729	63,088	30,663	93,751

The accompanying notes form an integral part of these financial statements.

Combined Statement of Changes in Equity

Year ended 31 December 2009

Group	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
At 1 January 2009	20,000	(189)	944	–	(1,396)	43,729	63,088	30,663	93,751
Total comprehensive income for the year									
Profit or loss	–	–	–	–	–	41,402	41,402	10,242	51,644
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	(788)	–	(788)	(1,084)	(1,872)
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	–	(20)	–	(20)	–	(20)
Net change in the fair value of available-for-sale investments	–	–	–	73	–	–	73	–	73
Income tax on other comprehensive income	–	–	–	(12)	3	–	(9)	–	(9)
Total other comprehensive income	–	–	–	61	(805)	–	(744)	(1,084)	(1,828)
Total comprehensive income for the year	–	–	–	*61*	*(805)*	*41,402*	*40,658*	*9,158*	*49,816*

The accompanying notes form an integral part of these financial statements.

Combined Statement of Changes in Equity

Year ended 31 December 2009

Group	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
Transaction with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of liquidation of a subsidiary	–	–	–	–	(165)	–	(165)	–	(165)
Total changes in ownership interests in subsidiaries	–	–	–	–	(165)	–	(165)	–	(165)
Contributions by and distributions to owners									
Dividends to equity holders	–	–	–	–	–	(6,000)	(6,000)	–	(6,000)
Capital contribution by minority shareholders	–	–	–	–	–	–	–	6,862	6,862
Total contributions by and distributions to owners	–	–	–	–	–	(6,000)	(6,000)	6,862	862
Total transaction with owners	*–*	*–*	*–*	*–*	*(165)*	*(6,000)*	*(6,165)*	*6,862*	*697*
Transfer to statutory reserve	–	–	32	–	–	(32)	–	–	–
At 31 December 2009	20,000	(189)	976	61	(2,366)	79,099	97,581	46,683	144,264

The accompanying notes form an integral part of these financial statements.

Combined Statement of Cash Flows

Year ended 31 December 2009

	2009 $'000	2008 $'000
Operating activities		
Profit from operating activities	47,381	2,747
Adjustments for:		
Allowance for doubtful trade receivables	21	110
Depreciation and amortisation	18,778	14,753
Gain on disposal of:		
– investment properties	(323)	(375)
– other investments	–	(26)
– property, plant and equipment	(2,428)	(135)
– subsidiaries	–	(355)
Impairment losses of:		
– quoted equity instruments	–	32
– unquoted equity instruments	2,300	650
Reversal of allowance for impairment losses of:		
– unquoted equity instruments	(220)	–
Write off of:		
– bad debts	12	102
– property, plant and equipment	130	2
Operating profit before working capital changes	65,651	17,505
Changes in working capital:		
Construction work-in-progress	(353)	839
Development properties	39,353	(19,274)
Trade and other receivables	(18,426)	(10,763)
Balances with related parties (trade)	(4,623)	2,066
Trade and other payables	(14,023)	23,360
Cash generated from operations	67,579	13,733
Income taxes paid	(4,453)	(9,609)
Income taxes refunded	1,195	1
Net cash from operating activities	64,321	4,125

The accompanying notes form an integral part of these financial statements.

Combined Statement of Cash Flows

Year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Cash flows from investing activities			
Balances with related parties (non-trade)		(1,903)	(11,625)
Dividends received		3,482	42
Interest received		44	1,539
Net cash outflow from investment in associates		(78)	–
Net cash outflow on acquisition of interests in subsidiaries	27(a)	–	(1,020)
Net cash (outflow)/inflow from disposal of subsidiaries in:			
– current year	27(b)	–	(474)
– prior year		–	2,279
Proceeds from strike off of an associate		266	–
Proceeds from disposal of:			
– property, plant and equipment		2,107	597
– investment properties		1,057	479
– other investments		–	32
Purchase of:			
– property, plant and equipment		(5,432)	(25,620)
– investment properties		–	(229)
– other investments		–	(1,915)
– intangible asset		(170)	–
Other receivables		504	1,983
Net cash from investing activities		(123)	(33,932)
Cash flows from financing activities			
Balances with related parties (non-trade)		(11,400)	9,530
Capital contribution by minority shareholders		6,862	7,899
Dividends paid to minority shareholders		(49)	–
Decrease/(increase) in deposits pledged		1,039	(475)
Interest paid		(3,627)	(3,311)
Payments of finance lease liabilities		(955)	(964)
Proceeds from loans and borrowings		46,652	29,154
Repayments of loans and borrowings		(65,693)	(24,237)
Net cash from financing activities		(27,171)	17,596
Net increase/(decrease) in cash and cash equivalent		37,027	(12,211)
Cash and cash equivalent at beginning of the year		(6,858)	4,345
Effect of exchange rate changes on balances held in foreign currencies		(248)	1,008
Cash and cash equivalent at end of the year	16	29,921	(6,858)

During the financial year ended 31 December 2009, the Group acquired property, plant and equipment with an aggregate cost of $3,166,000 (2008: $28,021,000), of which $200,000 (2008: $241,000) was acquired under finance leases and a net amount of $2,266,000 paid to suppliers of property, plant and equipment relating to outstanding balances as at 31 December 2008.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 May 2010.

1. DOMICILE AND ACTIVITIES

The combined financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with the principles and the accounting policies set out in note 3 to the combined financial statements for inclusion in the Annual Report of Tiong Seng Holdings Limited to be issued by the Company.

The Company was incorporated in the Republic of Singapore on 15 April 2008 as a private limited company under the name of Tiong Seng Holdings Pte. Ltd to be the holding company of the Group. On 1 April 2010, the Company was converted into a public company and changed its name to Tiong Seng Holdings Limited. The Company has its registered office at 510 Thomson Road #08-00 SLF Building, Singapore 298135.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in note 8 to the financial statements.

The Company was admitted to the official list of the Mainboard of SGX-ST on 16 April 2010.

The combined financial statements relate to the Group and the Group's interest in associates and joint ventures.

2. RESTRUCTURING EXERCISE

Prior to the Restructuring Exercise, Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors") was the holding company of the Group. Pursuant to a group restructuring (the "Restructuring Exercise") in preparation for the listing of the Company on SGX-ST, the Company underwent a Restructuring Exercise involving the followings:

(i) Acquisition of 40% of the entire equity interest in Chang De Investment Private Limited by Tiong Seng Contractors

Pursuant to a sale and purchase agreement dated 18 March 2010, Tiong Seng Contractors acquired the remaining 40% of the entire issued share capital of Chang De Investment Private Limited ("Chang De Investment"), comprising 400,000 ordinary shares from Solid Resources Investments Ltd, for an aggregate consideration of approximately $2.26 million.

The purchase consideration of $2.26 million was arrived at after taking into consideration the net asset value of Chang De Investment as at 30 June 2009. This was fully satisfied by the allotment and issue of 5,453 new shares in the capital of Tiong Seng Contractors to Peck Tiong Choon (Private) Ltd, the ultimate shareholder of Solid Resources Investments Ltd, on 18 March 2010. The value of the new shares issued in Tiong Seng Contractors was based on the net asset value of Tiong Seng Contractors as at 30 June 2009.

Notes to the Financial Statements

2. RESTRUCTURING EXERCISE (CONT'D)

(ii) Acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings Pte. Ltd.

Pursuant to a share swap agreement dated 18 March 2010, Tiong Seng Shareholdings Pte. Ltd. ("Tiong Seng Shareholdings") acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,453 ordinary shares for an aggregate consideration of approximately $99.8 million.

The purchase consideration of approximately $99.8 million was arrived at after taking into consideration the net asset value as of 31 December 2009 of Tiong Seng Contractors and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of 205,452 shares in the capital of Tiong Seng Shareholdings, credited as fully paid, to the shareholders of Tiong Seng Contractors and the transfer of 1 share in the capital of Tiong Seng Shareholdings from Pek Lian Guan to Pek Ah Tuan.

(iii) Transfer of the entire equity interest in Suzhou Huisheng Construction Development Co., Ltd. to Chang De Investment

On 16 March 2010, Tiong Seng Contractors transferred its entire equity interest of US$6,000,000 in Suzhou Huisheng Construction Development Co., Ltd. ("Suzhou Huisheng") to Chang De Investment for a consideration of US$6,000,000.

(iv) Acquisition of the entire equity interest in Tiong Seng Contractors by the Company

Pursuant to a share swap agreement dated 18 March 2010, the Company acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,453 ordinary shares, from Tiong Seng Shareholdings. The purchase consideration of approximately $99.8 million was arrived at after taking into consideration the net asset value of Tiong Seng Contractors as at 31 December 2009 and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of 1,027,264 shares in the capital of the Company, credited as fully paid, to Tiong Seng Shareholdings and its nominees and the transfer of 1 share in the capital of the Company from Pek Lian Guan to Pek Ah Tuan.

(v) Transfer of entire equity interest in Chang De Investment to the Company

On 18 March 2010, Tiong Seng Contractors, in accordance with the terms and conditions of a sale and purchase agreement dated 18 March 2010, transferred its entire equity interest in Chang De Investment, comprising 1,000,000 shares, to the Company, for a consideration of approximately $5.6 million such that the Company owns 100% of the equity interest in Chang De Investment.

As at 18 March 2010, as a result of the Restructuring Exercise, Tiong Seng Shareholdings and Peck Tiong Choon (Private) Limited became the immediate and ultimate holding company of the Company, respectively.

The Restructuring Exercise is accounted for as a combination of business under common control, in a manner similar to the "pooling of interest" method. Such a manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established until 18 March 2010.

Notes to the Financial Statements

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value. Asset classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

3.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 7 – classification of investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Note 5	–	measurement of recoverable amounts of property, plant and equipment
Note 7	–	measurement of recoverable amounts of investment properties
Note 9	–	recognition of share of results of joint ventures
Note 10	–	assessment of impairment losses on doubtful receivables
Note 12	–	assessment of impairment losses on other investments
Note 14	–	construction contracts and estimation of allowance for foreseeable losses
Note 15	–	measurement of carrying amounts of completed properties held for sale and properties under development
Note 20	–	estimation of provision for claims
Note 22(a)	–	revenue and costs recognition from construction contracts
Note 25	–	estimation of provisions for current and deferred taxation

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

4.1 Basis of consolidation

Business combinations

Business combinations arising from transfers of interests in entities that are under the common control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised in the financial statements at the carrying amounts recognised previously in the acquired entities' financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between the cash paid for the acquisition and net assets acquired is recognised in equity.

All other business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the profit or loss in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The financial statements include the Group's share of the income, expenses and equity movements of associates and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interests in an associate or a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign exchange differences arising on retranslation are recognised in profit or loss except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments (see note 4.6), which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting dates. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve ("FCTR") is transferred to profit or loss as part of the profit or loss on disposal.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currencies (cont'd)

Net investment in foreign operation

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as part of the profit or loss on disposal.

4.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Disposals

Gains or losses arising on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss on the date of disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment (cont'd)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Assets and property under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

Leasehold land	60 years
Leasehold properties	10 to 50 years
Plant and machinery	3 to 10 years
Tools and moulds	20 months to 3 years
Furniture, equipment and fittings	3 to 10 years
Motor vehicles	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

4.4 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets (cont'd)

Licence fee

Licence fee represents consideration paid for the rights to install and manufacture lining materials for use in the operations. Licence fee is stated at cost less accumulated amortisation and accumulated impairment losses.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the use of the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised in profit or loss as incurred.

Computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Licence fee	over the respective life of the licences of 1 to 10 years
Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

4.5 Investment properties

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Investment properties (cont'd)

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component investment properties.

The estimated useful lives are as follows:

Freehold properties	50 years
Leasehold properties	50 years, or lease term if shorter
Development properties	35 years

Depreciation methods and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

Transfers

Transfers to, or from, investment property shall be made where there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;

(b) commencement of development with a view to sell, for a transfer from investment properties to development properties;

(c) commencement of an operating lease to another party, for a transfer of development properties to investment properties; and

(d) end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

4.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, amounts due from/(to) related parties, cash and cash equivalents, trade and other payables and loans and borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Financial instruments (cont'd)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determined payments that are not quoted in an active market.

Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (see note 4.7), and foreign exchange gains and losses on available-for-sale monetary items (see note 4.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in profit or loss. Impairment losses on available-for-sale financial asset are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit and loss. Changes in impairment attributable to time value are reflected as a component of interest income.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in other comprehensive income.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to other comprehensive income, in which case it is charged to other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

4.8 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 4.14) less progress billings and recognised losses. It is presented in the statement of financial position as a current asset under "construction work-in-progress" or as a current liability under "progress billings in excess of construction work-in-progress", as applicable.

Construction costs include direct materials, direct labour and costs incurred in connection with the construction and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Construction work-in-progress (cont'd)

Progress claims not yet paid by the customers are included in the statement of financial position under "Accrued receivables". Amounts received before the related work is performed are included in the statement of financial position, as a liability, as "progress billings in excess of construction work-in-progress".

4.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business.

Properties under development for sale

Properties under development for sale are stated at lower of cost and estimated net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of properties under development comprise specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure, less any allowance for diminution in value of property considered necessary by the management. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as a cost of the development property until the date of its practical completion.

When it is probable that total development costs will exceed total revenue, an allowance is recognised as an expense immediately.

When completed, the units held for sale are classified as completed properties for sale.

Completed properties for sale

Completed properties for sale but remaining unsold at year end are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Development properties are classified as current assets in the financial statements. Payments received from purchasers arising from pre-sales of the property units prior to the completion or physical handover to the purchasers are included as receipts in advance under current liabilities in the financial statements.

4.10 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.13 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

When entities within the Group are lessees of an operating lease

When the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Revenue recognition

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Sales of development properties

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through either the receipt of completion certificate or handing over of keys to the purchasers, whichever is later.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the period which they are earned.

4.15 Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

4.16 Finance income and expenses

Finance income comprises interest income on fund invested, dividend income, accretion of discount implicit in retention sum receivables and implicit interest in retention sum payables. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, net foreign currency gains or losses, accretion of implicit interest in retention sum payables and discount implicit in retention sum receivables. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Finance income and expenses (cont'd)

The Group has capitalised borrowing costs with respect to investment properties (see note 7) and development costs (see note 15).

4.17 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's CEO, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 28).

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4.20 New standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

Amendments to FRS 32 *Financial Instruments: Presentation — Classification of Rights Issues*

Amendments to FRS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*

Amendments to FRS 102 *Share-based Payment — Group cash-settled share-based payment transactions*

FRS 103 (revised) *Business Combinations and FRS 27 (revised) Separate and Consolidated Financial Statements*

Improvements to FRSs 2009

INT FRS 117 *Distributions of Non-cash Assets to Owners*

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the reporting date.

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Assets and property under construction $'000	Total $'000
Cost								
At 1 January 2008	5,557	10,755	21,136	6,117	1,391	5,916	268	51,140
Additions	–	–	2,430	24,804	190	597	–	28,021
Acquisition of a subsidiary	–	–	–	–	–	23	–	23
Disposals/Write-off	–	(291)	(205)	–	(127)	(285)	–	(908)
Disposal of subsidiaries	–	–	–	–	(15)	(2)	–	(17)
Transferred to investment properties	–	–	–	–	–	–	(268)	(268)
Effects of movements in exchange rates	–	30	165	–	30	170	–	395
At 31 December 2008	5,557	10,494	23,526	30,921	1,469	6,419	–	78,386
Additions	–	83	626	1,734	216	507	–	3,166
Disposals/Write-off	–	(10)	(1,138)	(519)	(192)	(2,047)	–	(3,906)
Disposal of subsidiaries	–	–	–	–	(2)	–	–	(2)
Effects of movements in exchange rates	–	(21)	(179)	–	(3)	(89)	–	(292)
At 31 December 2009	5,557	10,546	22,835	32,136	1,488	4,790	–	77,352
Accumulated depreciation and impairment losses								
At 1 January 2008	26	3,541	14,409	3,773	878	3,348	–	25,975
Depreciation charge for the year	105	265	2,514	10,265	196	671	–	14,016
Disposals/Write-off	–	(20)	(187)	–	(120)	(118)	–	(445)
Disposal of subsidiaries	–	–	–	–	(8)	–	–	(8)
Effects of movements in exchange rates	–	16	90	–	12	139	–	257
At 31 December 2008	131	3,802	16,826	14,038	958	4,040	–	39,795
Depreciation charge for the year	105	278	2,114	14,737	205	622	–	18,061
Disposals/Write-off	–	(10)	(900)	(513)	(100)	(1,855)	–	(3,378)
Disposal of subsidiaries	–	–	–	–	(2)	–	–	(2)
Effects of movements in exchange rates	–	(4)	(125)	–	(8)	(51)	–	(188)
At 31 December 2009	236	4,066	17,915	28,262	1,053	2,756	–	54,288
Carrying amount								
At 1 January 2008	5,531	7,214	6,727	2,344	513	2,568	268	25,165
At 31 December 2008	5,426	6,692	6,700	16,883	511	2,379	–	38,591
At 31 December 2009	5,321	6,480	4,920	3,874	435	2,034	–	23,064

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2009 $'000	2008 $'000
Depreciation for the year	18,061	14,016
Depreciation included in construction work-in-progress	(16,984)	(12,925)
Depreciation charged to profit or loss	1,077	1,091

Assets held under finance lease

The carrying amounts of property, plant and equipment under finance leases are as follows:

	2009 $'000	2008 $'000
Plant and machinery	1,142	1,568
Motor vehicles	1,222	1,260
Furniture, equipment and fittings	13	–
	2,377	2,828

Security

Certain property, plant and equipment are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 21.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Group's results.

Notes to the Financial Statements

6. INTANGIBLE ASSETS

	Licence fee $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2008 and 31 December 2008	–	–	–
Additions	258	13	271
Effect of movement in exchange rates	–	(1)	(1)
At 31 December 2009	258	12	270
Accumulated amortisation			
At 1 January 2008 and 31 December 2008	–	–	–
Amortisation	9	1	10
At 31 December 2009	9	1	10
Carrying amount			
At 1 January 2008 and 31 December 2008	–	–	–
At 31 December 2009	249	11	260

7. INVESTMENT PROPERTIES

	$'000
Cost	
At 1 January 2008	21,836
Additions	229
Disposals	(110)
Transferred from development properties	2,692
Transferred from property, plant and equipment	268
Effects of movements in exchange rates	1,296
At 31 December 2008	26,211
Transferred to non-current asset classified as held for sales	(641)
Disposals	(124)
Effects of movements in exchange rates	(574)
At 31 December 2009	24,872

Notes to the Financial Statements

7. INVESTMENT PROPERTIES (CONT'D)

	$'000
Accumulated depreciation and impairment losses	
At 1 January 2008	793
Depreciation charge for the year	737
Disposals	(6)
Effects of movements in exchange rates	64
At 31 December 2008	1,588
Depreciation charge for the year	707
Disposals	(9)
Transferred to non-current assets classified as held for sale	(44)
Effects of movements in exchange rates	(58)
At 31 December 2009	2,184
Carrying amount	
At 1 January 2008	21,043
At 31 December 2008	24,623
At 31 December 2009	22,688

The fair value of the investment properties as at 31 December 2009 is $34,529,000 (2008: $37,783,000).

Investment properties comprise commercial and residential properties leased to external customers and held for capital appreciation.

Basis of valuation

The fair value of investment properties is determined by independent licensed appraisers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. Fair value is determined having regard to recent market transactions for similar properties in the same locations.

Classification of investment properties

The Group classifies certain assets as investment properties. Judgement is required to determine whether a property qualifies as investment property. The Group considers its intention with regards to a property based on the prevailing circumstances and expectations. The Group also applies the guidance in FRS 40 in determining whether a property qualifies as investment property.

Investment properties leased out under operating leases

The Group leases out investment properties under operating leases. Each of the leases is generally for a period ranging from one to five years, and subsequent renewals are negotiated at prevailing market rate and terms.

Notes to the Financial Statements

7. INVESTMENT PROPERTIES (CONT'D)

Minimum lease receivables

The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	2009 $'000	2008 $'000
Within one year	296	594
After one year but within five years	114	265
After five years	–	–
	410	859

Pledges of investment properties

Certain investment properties of the Group are mortgaged to financial institutions to secure credit facilities as disclosed in note 21.

8. SUBSIDIARIES

For the purposes of the combined financial statements, the subsidiaries of the Group consist of those companies under common control during the financial years ended 31 December 2008 and 2009, and will after 31 December 2009 continue to be under common control or will come under the control of the Company.

The combined financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise. Subsidiaries incorporated after 1 January 2008 have been included in the combined financial statements from the respective dates of incorporation.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2009 %	Effective equity interest held by the Group 2008 %
Tiong Seng Contractors[1] and its subsidiaries:	Construction works	Singapore	100	100
Steeltech Industries Pte. Ltd.[1]	Construction engineering sub-contracting works for fabrication, supply and installation of pre-cast mould, metalwork, steelwork and aluminium works	Singapore	51	51
TSC Contractors (PNG) Limited[2]	Construction works and rental of equipment	Papua New Guinea ("PNG")	100	100
Robin Village Development Pte. Ltd.[1]	Pre-casting	Singapore	100	100
Lao-Singapore Construction Co., Ltd[3]	Production of concrete and construction works	Lao People Democratic Republic ("Laos")	60	60

Notes to the Financial Statements

8. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2009 %	Effective equity interest held by the Group 2008 %
Jet-Scan Private Limited[4] and its subsidiary:	Rehabilitation of water and gas pipe line and sewer construction, rehabilitation of sewerage and pipes	Singapore	100	100
Jet-Scan (HK) Limited.[5]	Sewer pipes rehabilitation works	Hong Kong Special Administrative Region	100	100
Finique Design Private Limited[4]	Interior design services and renovation works	Singapore	100	100
Tiong Seng Properties (Private) Limited[1]	Investment holding	Singapore	100	100
Chang De Investment[1] and its subsidiaries	Investment holding	Singapore	100	60
Suzhou Huisheng[6] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100
Jiangsu Huiyang Construction Development Co., Ltd.[7] ("Jiangsu Huiyang") and its subsidiaries:	Property development	PRC	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[7]	Commercial property management and real estate mediatory services	PRC	55	55
Jiangsu Huihan Property Co., Ltd.[7] ("Jiangsu Huihan")	Property development	PRC	–[10]	55
Tianjin Zizhulin Development Co., Ltd.[8] ("Tianjin Zizhulin") and its subsidiaries:	Property development	PRC	80	48
Tianjin Tianmen Jinwan Property Development Co., Ltd.[8] ("Tianjin Tianmen Jinwan")	Property development	PRC	50	34
Tianjin Zizhulin Chuangzhan Investment Co., Ltd.[8] ("Tianjin Zizhulin Investment") and its subsidiaries:	Investment holding	PRC	65	31
Cangzhou City Huashi Real Estate Development Co., Ltd.[8] ("Cangzhou Huashi")	Property development	PRC	39	19
Tianjin Zizhulin Nanxi Investment Co., Ltd.[8] ("Tianjin Zizhulin Nanxi")	Investment in real estate development	PRC	58	30
Chang Sheng (Tianjin) Construction Management and Consultancy Co., Ltd.[9]	Construction project management	PRC	65	–

1. *Audited by KPMG LLP*
2. *Audited by HLB Niugini, PNG and KPMG LLP for consolidation purposes*
3. *Audited by Ekpanya Consulting Co., Ltd., Laos and KPMG LLP for consolidation purposes*
4. *Audited by Fok Oi Leng & Co*
5. *Audited by Chui & Kwok, Hong Kong*
6. *Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., PRC and KPMG LLP for consolidation purposes*
7. *Audited by Yangzhou Huicheng Union Certified Public Accountants, PRC and KPMG LLP for consolidation purposes*
8. *Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC and KPMG LLP for consolidation purposes*
9. *Not subject to audit as Chang Sheng (Tianjin) Construction Management and Consultancy Co., Ltd. was newly incorporated on 28 December 2009.*
10. *Jiangsu Huihan was struck off the Register on 2 December 2009.*

Notes to the Financial Statements

9. ASSOCIATES AND JOINT VENTURES

	2009 $'000	2008 $'000
Investments in associates	74	266
Investments in joint ventures	27,031	9,937
	27,105	10,203

Details of the associates are as follows:

Name of associates	Principal activities	Country of incorporation	Effective equity interest held by the Group 2009 %	2008 %
VT Builder Private Limited[1] ("VT Builder")	Construction works	Singapore	–	50
Fierce (Suzhou) Co., Ltd.	Advertising and related business	PRC	40	40
Tianjin Deqin Catering Investment Management Co., Ltd.	Catering management, management consulting, and conference labour service	PRC	45	–

1. VT Builder was struck off the Register on 12 February 2009

The associates are not considered significant in accordance with Rule 718 of the SGX-ST Listing Manual. For this purpose, an associated company is considered significant as defined under the SGX-ST Listing Manual, if the Group's share of its net tangible assets represents 20% or more of the Group's combined net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's combined pre-tax profits.

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Effective equity interest held by the Group 2009 %	2008 %
Incorporated joint ventures				
Sindia Consortium Pte. Ltd.[1]	Other investment holdings	Singapore	25	25
Cesma-Hua Kok-Tiong Seng-Neo Construction (India) Private Limited[2]	Construction works	India	25	25
Unincorporated joint ventures				
Samsung-Tiong Seng Joint Venture (partnership)[1]	Mixed construction activities	–	30	30
Kajima-Tiong Seng Joint Venture (partnership)[3]	Construction works	–	40	40
Kajima-Tiong Seng Joint Venture[3]	Construction works	–	30	30
GS E&C – TSC JV (partnership)[4]	Construction works	–	30	–

Notes to the Financial Statements

9. ASSOCIATES AND JOINT VENTURES (CONT'D)

1. Audited by PricewaterhouseCoopers
2. Audited by Ramasamy Koteswara Rao & Co
3. Audited by Smalley and Co.
4. Not subject to audit as GS E&C – TSC JV was newly registered on 19 December 2009.

The summarised financial information relating to associates is not adjusted for the percentage of ownership held by the Group. The financial information of the Group's investments in associates is as follows:

	2009 $'000	2008 $'000
Assets and liabilities		
Total assets	301	647
Total liabilities	(375)	(325)
Results		
Revenue	134	110
Expenses	(169)	(194)
Loss after taxation	(35)	(84)

There were no capital commitments and contingent liabilities as at 31 December 2008 and 2009.

The Group's share of the joint ventures' assets, liabilities and results are as follows:

	2009 $'000	2008 $'000
Assets and liabilities		
Total assets	130,120	65,281
Total liabilities	(103,089)	(55,344)
Results		
Revenue	335,643	100,473
Expenses	(311,567)	(92,062)
Profit before taxation	24,076	8,411
Income tax	(4,093)	(1,430)
Profit after taxation	19,983	6,981

There were no capital commitments and contingent liabilities as at 31 December 2008 and 2009.

The Group's share of the results of the joint ventures included in the combined statement of comprehensive income of the Group is based on the unaudited financial statements of the joint ventures for the financial years ended 31 December 2009 and 2008. KPMG LLP has performed independent audit on the financial statements of the joint ventures for the purposes of consolidation.

Notes to the Financial Statements

9. ASSOCIATES AND JOINT VENTURES (CONT'D)

At each reporting date, management uses judgement to estimate the physical proportion of the contract work completed by the joint ventures to determine the stage of completion of the contracts in progress. While these estimates takes into consideration the certified progress billing issued by external quality surveyor's, the contract costs incurred for materials, labour and subcontractor claims, the projects do not have benefit of independent assessments by external parties on the stage of completion and up-to-date budgeted revenue/costs to completion.

Changes in the estimates of contract revenue or contract costs, or of the outcome of the contract could impact the amount of share of results of the joint ventures recognised in the period in which the change is made and in subsequent periods and such impact could be potentially significant.

10. TRADE AND OTHER RECEIVABLES

	Note	2009 $'000	2008 $'000
Non-current			
Retention monies on construction contracts		9,004	15,331
Current			
Trade receivables		17,713	27,038
Less: Allowance for doubtful receivables	32(b)	(80)	(234)
		17,633	26,804
Advances to suppliers:			
– trade		17	–
– non-trade		–	27
Accrued receivables		30,080	34,873
Retention monies on construction contracts		30,118	13,080
Deposits and prepayments		1,773	2,174
Deposit placed for acquisition of land use rights		42,611	18,989
Deposit placed for joint development project		2,059	2,110
Prepayment for resettlement costs		562	431
Tax recoverable		29	3,078
Tax prepayments		–	2,909
Other receivables		2,222	1,414
		127,104	105,889
Total		136,108	121,220

Deposit placed for acquisition of land use rights relates to the purchase of a piece of land in Dagang, PRC.

Deposit placed for joint development project relates to a refundable deposit placed for a joint development project to jointly develop a piece of land with an external party in Dagang, PRC.

Prepayment for resettlement costs relates to an on-going development project in Tianjin, PRC.

Notes to the Financial Statements

11. AMOUNTS DUE FROM/(TO) RELATED PARTIES

Amounts due from related parties

	2009 $'000	2008 $'000
Non-current		
Retention monies due from a joint venture	–	334
Current		
Trade amounts due from joint ventures	3,775	896
Retention monies due from joint ventures	597	382
	4,372	1,278
Non-trade amounts due from:		
– affiliated corporations (net)	156	88
– joint ventures	2,501	1,308
– minority shareholders	17,671	17,238
	20,328	18,634
Loans to a minority shareholder	2,306	2,110
	27,006	22,022
Total	27,006	22,356

An affiliated corporation is defined as one:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The non-trade amounts due from joint ventures are unsecured, interest-free and repayable on demand.

The non-trade amounts due from minority shareholders are unsecured, interest-free and repayable on demand except for the followings:

(i) Amounts of $16,551,000 are secured by undistributed retained earnings of subsidiaries yet to be distributed as dividends to the minority shareholders of those subsidiaries as at 31 December 2009 (2008: $2,466,000); and

(ii) An amount of $14,498,000 was secured by future dividends distributions by a subsidiary to the minority shareholder of that subsidiary as at 31 December 2008.

The loans to a minority shareholder are secured, bear interests at rates of 12.09% to 18% per annum and are repayable within a year.

Notes to the Financial Statements

11. AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

Amounts due to related parties (cont'd)

	2009 $'000	2008 $'000
Non-current		
Loans from:		
– an affiliated corporation	(2,676)	(5,675)
– minority shareholders	(4,048)	(4,147)
Non-trade amount due to an affiliated corporation	–	(348)
	(6,724)	(10,170)
Current		
Trade amounts due to:		
– an affiliated corporation	(419)	(1,599)
– joint ventures	–	(682)
	(419)	(2,281)
Non-trade amount due to:		
– a corporate shareholder	(542)	(293)
– minority shareholders	(3,943)	(4,089)
– an affiliated corporation	(728)	–
	(5,213)	(4,382)
Loans from:		
– a corporate shareholder	–	(10,000)
– a corporate shareholder of a subsidiary which is also an affiliated corporation	(2,993)	(3,072)
– an affiliated corporation	(3,273)	–
– a minority shareholder	(327)	(2,191)
	(6,593)	(15,263)
	(12,225)	(21,926)
Total	(18,949)	(32,096)

The loan of $5,675,000 from an affiliated corporation is unsecured and bears interest at an effective rate of 8% per annum. In 2008, the repayment date of the loans was 15 July 2010. In 2009, approximately $2,402,000 of the loan was repaid to the affiliated corporation while the remaining loan balance of $3,273,000 is reclassified to current loan from an affiliated corporation. The non-current loan of $2,676,000 relates to new loan from the affiliated corporation in 2009, which is unsecured and bears interest at an effective rate of 8% per annum.

The long-term loans from minority shareholders are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As this loan is in substance, a part of the minority shareholders' net investment in a PRC subsidiary of the Group, it is stated at cost.

The short-term non-trade amount due to a corporate shareholder is unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

11. AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

The short-term non-trade amounts due to minority shareholders mainly relate to consideration outstanding in relation to acquisition of Cangzhou Huashi. The amounts are unsecured, interest-free and repayable on demand.

The short-term non-trade amount due to an affiliated corporation in 2009 relates to accrual of loan interest expense which will be repaid by 15 July 2010.

The short-term loan from a corporate shareholder was unsecured, bore interest at a rate of 4.5% per annum and repayable within a year. The loan has been fully repaid in July 2009.

The short-term loans from a corporate shareholder of a subsidiary which is also an affiliated corporation are interest-free, unsecured and repayable on demand.

The short-term loans from a minority shareholder are mainly unsecured, bear interest at a rate of 8% per annum and repayable on demand.

12. OTHER INVESTMENTS

	2009 $'000	2008 $'000
Club membership, at cost	285	285
Available-for-sale financial assets		
Quoted equity investments, at fair value	81	20
Unquoted equity investments	4,726	4,737
Impairment losses	(3,930)	(1,850)
	796	2,887
Total	1,162	3,192

The change in impairment loss in respect of unquoted equity investments during the year is as follows:

	2009 $'000	2008 $'000
At 1 January	1,850	1,200
Impairment loss:		
– recognised	2,300	650
– reversed	(220)	–
At 31 December	3,930	1,850

A subsidiary's unquoted equity investment incurred a net loss of approximately $5,138,000 for the financial year ended 31 December 2008. The directors of the subsidiary have assessed the recoverable amount of the investment based on its estimated net fair value. An impairment loss of $650,000 on the unquoted equity investment is recognised in profit or loss under other expenses in the financial year ended 31 December 2008.

Notes to the Financial Statements

12. OTHER INVESTMENTS (CONT'D)

In 2009, due to unfavourable changes in market, industry and economic conditions in which the investee entity operates indicate that the cost of the investment may not be recoverable, the directors of the subsidiary have reassessed the recoverable amount of the investment based on its revised estimated net fair value. A further impairment loss of $2,300,000 on the unquoted equity investment is recognised in profit or loss under other expenses in the financial year ended 31 December 2009.

In 2009, the directors of the subsidiary have assessed the recoverable amount of another investment based on its estimated net fair value and reversed impairment loss of $220,000 made previously on the unquoted equity investment. The reversal of impairment loss is recognised in profit or loss under other expenses in the financial year ended 31 December 2009.

13. DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2008 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2008 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2009 $'000
Group					
Deferred tax assets					
Property, plant and equipment	–	–	–	623	623
Investment properties	–	–	–	470	470
Other receivable	–	–	–	6	6
Trade and other payables	65	15	80	8	88
Provision for foreseeable losses	–	–	–	884	884
Estimated benefit on loss carry forward	361	562	923	(715)	208
Unutilised wear and tear allowance	334	(334)	–	–	–
Unutilised investment allowance	–	146	146	172	318
	760	389	1,149	1,448	2,597
Deferred tax liabilities					
Property, plant and equipment	(617)	253	(364)	364	–
Other receivables	–	–	–	(241)	(241)
Profits on uncompleted projects	(3,468)	3,056	(412)	412	–
Trade and other payables	–	–	–	(46)	(46)
Unremitted earnings	(549)	51	(498)	29	(469)
	(4,634)	3,360	(1,274)	518	(756)

Notes to the Financial Statements

13. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	2009 $'000	2008 $'000
Deferred tax assets	2,726	937
Deferred tax liabilities	(885)	(1,062)

Deferred tax assets have not been recognised in respect of the following items:

	2009 $'000	2008 $'000
Deductible temporary differences	4,582	4,582
Tax losses	7,586	6,452
	12,168	11,034

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $7,772,000 of certain overseas subsidiaries for the year ended 31 December 2009 (2008: $958,000) as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

14. CONSTRUCTION WORK-IN-PROGRESS

	2009 $'000	2008 $'000
Costs incurred	554,353	512,581
Attributable profits and losses	58,950	38,014
	613,303	550,595
Allowance for foreseeable losses	(5,200)	(2,700)
	608,103	547,895
Progress billings	(596,342)	(539,006)
	11,761	8,889
Represented by:		
Construction work-in-progress	14,151	11,584
Progress billings in excess of construction work-in-progress	(2,390)	(2,695)
	11,761	8,889

Notes to the Financial Statements

14. CONSTRUCTION WORK-IN-PROGRESS (CONT'D)

The followings were capitalised in construction costs during the year:

	2009 $'000	2008 $'000
Depreciation of property, plant and equipment	16,984	12,925
Staff costs	20,993	22,604
	37,977	35,529

Allowance for foreseeable losses

An allowance for foreseeable project losses is made for the potential losses from a project undertaken by the Group. This allowance is based on latest forecasted profit margin for the project, past experiences and all available evidences.

15. DEVELOPMENT PROPERTIES

	2009 $'000	2008 $'000
Completed properties held for sale	18,647	583
Properties under development	61,589	121,307
	80,236	121,890
Interest expense capitalised in development properties	3,825	4,605

All development properties are located in the PRC.

As explained in note 4.9, the Group's completed properties held for sale and properties under development are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development and the costs to be incurred in selling the properties based on prevailing market conditions. If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for impairment on completed properties for sale and properties under development. Such provision requires the use of judgement and estimates.

Where the expectation is different from the original estimate, the carrying value and provision for impairment on properties in the period in which such estimate is changed will be adjusted accordingly. In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcome in terms of costs and revenue may be higher or lower than estimated at the reporting dates. Any increase or decrease in the provision would affect profit or loss in future years.

Certain development properties are mortgaged to the banks as collateral for credit facilities provided to the Group and an external party as collateral for a loan provided to a minority shareholder as disclosed in notes 21 and 30 respectively.

Notes to the Financial Statements

15. DEVELOPMENT PROPERTIES (CONT'D)

The types of development and lease terms for the leasehold interests in land located in the PRC for the respective years are as follows:

Years	Types of development	Lease expiring
At 31 December 2008 and 2009	Commercial/integrated commercial use	14 October 2041 to 26 August 2054
At 31 December 2008 and 2009	Residential use	15 August 2076 to 25 March 2077

16. CASH AND CASH EQUIVALENTS

	Note	2009 $'000	2008 $'000
Cash at banks and in hand		31,506	9,659
Fixed deposits		1,335	1,273
		32,841	10,932
Bank overdrafts	21	(1,585)	(15,416)
		31,256	(4,484)
Deposits pledged		(1,335)	(2,374)
Cash and cash equivalents in the combined statement of cash flow		29,921	(6,858)

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.17% (2008: 0.68%) per annum.

The deposits were pledged as security to obtain credit facilities.

17. ASSET CLASSIFIED AS HELD FOR SALE

The investment in Jiangsu Huitong Construction Development Co., Ltd. ("Jiangsu Huitong") was presented as asset classified as held for sale as at 31 December 2008 following the decision of the Group on 23 September 2007 to sell the investment to a third party. The delay in disposal of Jiangsu Huitong was due to the longer than expected legal and administrative procedures that have to be met in the PRC before disposal could be effected. At 31 December 2008, the carrying amount of the investment was $439,000. On 31 August 2009, the Group has disposed off Jiangsu Huitong for $439,000. There is no gain or loss arising from the disposal.

18. SHARE CAPITAL

	2009 $'000	2008 $'000
Issued and fully paid ordinary		
At 1 January and 31 December	20,000	20,000

Notes to the Financial Statements

18. SHARE CAPITAL (CONT'D)

Group

For the purpose of preparing the combined financial statements, the share capital as at 1 January 2008, 31 December 2008 and 31 December 2009 comprises the shares of the Company and its subsidiaries.

Company

The Company was incorporated on 15 April 2008 to be the holding company of the Group. Pursuant to the Restructuring exercise as set out in note 2, the Company acquired the entire issued share capital of Tiong Seng Contractors on 18 March 2010. The acquisition was satisfied by the allotment 1,027,264 ordinary shares and the transfer of 1 share in the capital of the Company amounting to $99,836,012.

At an Extraordinary General Meeting held on 31 March 2010, the shareholders approved, inter alia, that the capital of the Company to be sub-divided into 550 ordinary shares for every one share in the capital of the Company and the resultant issued share capital of the Company comprised 564,995,750 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as total shareholders' equity attributable to equity holders of the Company excluding minority interest. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding minority interest. The Board also monitors the level of dividends paid to ordinary shareholders.

The Board regularly reviews the Company's capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments.

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the year.

The Company and its subsidiaries are not subject to any other externally imposed capital requirements.

Notes to the Financial Statements

19. RESERVES

	2009 $'000	2008 $'000
Capital reserve	(189)	(189)
Statutory reserve	976	944
Fair value reserve	61	–
Foreign currency translation reserve	(2,366)	(1,396)
	(1,518)	(641)

Capital reserve

The capital reserve arises from additional capital contributed by Tiong Seng Contractors in excess of its share of the registered capital in a subsidiary.

Statutory reserve

The Group follows the accounting principles and relevant financial regulations of the PRC applicable to sino-foreign equity joint venture enterprises ("PRC GAAP – EJV"), wholly foreign-owned enterprises ("PRC GAAP – WFOE") or enterprises established in the PRC ("PRC GAAP") in the preparation of the accounting records and financial statements.

Pursuant to accounting regulations for sino-foreign equity joint venture enterprises (中华人民共和国中外合资经营企业法实施条例), sino-foreign equity joint venture enterprises ("EJV") are required to appropriate profit to the statutory reserve. Appropriation to the statutory reserve is determined by the board of directors based on the profit arrived at in accordance with PRC GAAP – EJV for each year.

Pursuant to accounting regulations for foreign-invested PRC enterprises (中华人民共和国外商投资企业会计制度 [财会字（1992）33号]) and the PRC Company Law (中华人民共和国公司法), wholly foreign-owned enterprises ("WFOE") and enterprises established in the PRC are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP – WFOE and PRC GAAP for each year to a statutory reserve.

The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. For WFOE and EJV, the statutory reserve may be used to set off losses or be converted into paid-in capital.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value (net of deferred tax effect) of available-for-sale investments until such assets are derecognised.

Notes to the Financial Statements

19. RESERVES (CONT'D)

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company; and

(b) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

20. TRADE AND OTHER PAYABLES

	2009 $'000	2008 $'000
Non-current		
Retention sums payable	5,463	7,026
Current		
Trade payables	16,726	16,591
Accrued trade payables	51,794	43,864
Accrued operating expenses	4,693	4,086
Provision for claims	791	935
Receipts in advance	31,630	63,975
Retention sums payable	15,092	6,147
Dividend payable	6,000	–
Other payables	6,062	8,146
	132,788	143,744
Total	138,251	150,770

Included in receipts in advance as at 31 December 2009 were instalments of sales proceeds received from buyers of $31,443,000 (2008: $63,975,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

The movements in provisions for claims are as follows:

	$'000
At 1 January 2008	1,717
Provisions made	43
Provisions utilised	(825)
At 31 December 2008	935
Provisions utilised	(144)
At 31 December 2009	791

Notes to the Financial Statements

20. TRADE AND OTHER PAYABLES (CONT'D)

The provisions for claims relate to the obligations arising from contractual and commercial arrangements in the Group's operations, based on best estimates of the outflow and potential loss, considering both contractual and commercial factors. The provisions are based on all available evidence, including the legal advice and opinion of experts. In the opinion of the directors, the outcome of these claims is not expected to give rise to any significant loss beyond the amounts provided at the reporting dates.

21. LOANS AND BORROWINGS

	Note	2009 $'000	2008 $'000
Non-current			
Secured bank loans		7,440	2,942
Secured loan from a financial institution		14,410	–
Finance lease liabilities		182	497
		22,032	3,439
Current			
Secured bank overdrafts	16	1,585	15,416
Secured bank loans		17,423	54,767
Unsecured loan from a business associate		–	633
Finance lease liabilities		459	878
		19,467	71,694
Total loans and borrowings		41,499	75,133

Maturities of liabilities (excluding financial lease liabilities)

	2009	2008
Within 1 year	19,008	70,816
After 1 year but within 5 years	21,850	2,942
After 5 years	–	–
	40,858	73,758

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

	2009 $'000	2008 $'000
Carrying amounts of assets:		
Leasehold land	5,321	5,426
Leasehold properties	5,984	6,157
Investment properties	944	1,033
Development properties	20,297	81,078
Plant and machinery	3,556	15,132
Deposits pledged	1,335	2,374
Total	37,437	111,200

Notes to the Financial Statements

21. LOANS AND BORROWINGS (CONT'D)

Maturities of liabilities (excluding financial lease liabilities) (cont'd)

The secured bank loans and secured bank overdrafts are also secured by assignment of rights, interests and benefits in connection with construction contracts and personal guarantees by certain directors and executive officers.

Secured loan from a financial institution

Pursuant to a loan agreement dated 23 September 2009 and the shareholding entrusted agreeements (the "Agreements"), Tianjin Zizhulin and Suzhou Huisheng transferred their collective interest, amounting to 60.6% of the entire equity interest in Tianjin Tianmen Jinwan, to Northern International Trust & Investment Co., Ltd. ("Northern International Trust") as a form of security for the loan amounting to RMB72,000,000 (approximately $14,800,000) from Northern International Trust to Tianjin Zizhulin Investment. The terms and conditions of the Agreements provide that Northern International Trust will transfer the shares back to Tianjin Zizhulin and Suzhou Huisheng at no consideration upon the repayment of loan and the relevant interest payable by Tianjin Zizhulin Investment to Northern International Trust on or before 23 March 2011. Notwithstanding this, Tianjin Tianmen Jinwan remains a subsidiary of the Group.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 31 December 2009				
Secured bank loans	RMB	6.98-7.32	2010-2011	8,234
Secured bank loans	SGD	1.56-5.25	2010-2011	16,629
Secured loan from a financial institution	RMB	12.50-16.50	2011	14,410
Secured bank overdraft	SGD	5.00-6.50	2010	1,585
Finance lease liabilities	SGD	2.30-5.81	2010-2012	641
Total loans and borrowings				41,499
At 31 December 2008				
Secured bank loans	RMB	7.33-7.84	2009-2010	23,209
Secured bank loans	SGD	2.19-5.25	2009-2011	34,500
Secured bank overdrafts	SGD	5.00-5.50	2009	15,416
Unsecured loan from a business associate	RMB	–	2009	633
Finance lease liabilities	SGD	2.30-5.81	2009-2012	1,375
Total loans and borrowings				75,133

Notes to the Financial Statements

21. LOANS AND BORROWINGS (CONT'D)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2009			
Within 1 year	459	20	479
After 1 year but within 5 years	172	15	187
After 5 years	10	–	10
	641	35	676
At 31 December 2008			
Within 1 year	878	46	924
After 1 year but within 5 years	497	13	510
After 5 years	–	–	–
	1,375	59	1,434

22. REVENUE

(a) Revenue and costs recognition from construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method depending on whether the outcome of the contract can be measured reliably. The stage of completion is measured by reference to professional surveys of work performed. Significant judgement is required in determining the stage of completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and/or the work of relevant professionals.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each property. In estimating the total budgeted costs for construction contracts, the Group makes reference to information such as the level of work content sub-contracted, fluctuations in the prices of raw materials, size, design and material specifications of the projects, cost overruns and savings, variation works requested by customers, current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation on construction and material costs as well as its past experience.

Notes to the Financial Statements

22. REVENUE (CONT'D)

(b) Revenue from sales of development properties

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 4.14. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 30, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations before delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experience, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees being called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers through either the receipt of completion certificate or handing over of keys to the purchasers, whichever is later.

(c) Rental income

	2009 $'000	2008 $'000
Rental income from:		
– investment properties	798	1,277
– leasehold properties	1	16
– plant and machinery	211	1,029
	1,010	2,322

Notes to the Financial Statements

23. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

		Note	2009 $'000	2008 $'000
(a)	**Other income**			
	Business tax incentive		3,128	–
	Fees from management of properties		254	364
	Gain on disposal of:			
	– investment properties		323	375
	– other investments		–	26
	– property, plant and equipment		2,428	135
	– spare parts and materials		60	207
	– subsidiaries	27(b)	–	355
	Government grant - jobs credit scheme		751	–
	Provision of demolition services and miscellaneous works		536	472
	Provision of project administrative services		826	–
	Others		493	542
			8,799	2,476

The business tax incentive was granted by the People's Government of Tianjin City, PRC to a subsidiary in Tianjin, PRC to encourage city re-development. The subsidiary has applied for the above mentioned business tax incentive and received business tax incentive of $3,128,000 in 2009.

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit Scheme will be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the scheme.

Notes to the Financial Statements

23. PROFIT BEFORE INCOME TAX (CONT'D)

	Note	2009 $'000	2008 $'000
(b) Other expenses includes			
Allowance for doubtful trade receivables	32(b)	21	110
Bank charges		43	269
Direct operating expenses arising from rental of investment properties, plant and machinery		306	826
Impairment losses on:			
– quoted equity investments		–	32
– unquoted equity investments		2,300	650
Initial public offering expenses*		1,186	1,446
Operating lease expenses		608	398
Reversal of allowance for impairment losses in unquoted equity investment		(220)	–
Write-off of:			
– bad debts		12	102
– property, plant and equipment		130	2
(c) Staff costs			
Wages and salaries for staff		27,135	28,915
Contribution to defined contribution plans		1,482	1,573
Increase in liability for short-term accumulating compensated absence		43	110
Others		896	252
Staff costs for the year		29,556	30,850
The staff costs are arrived at as follows:			
Staff costs for the year		29,556	30,850
Staff costs capitalised in construction work-in-progress	14	(20,993)	(22,604)
Staff costs charged to profit or loss		8,563	8,246

* Included in initial public offering expenses is non-audit fees of $605,000 (2008: $770,000) paid to auditors of the Company for services rendered as Independent Auditors in connection with the initial public offering of the Company's shares.

Notes to the Financial Statements

24. FINANCE INCOME AND EXPENSES

	2009 $'000	2008 $'000
Recognised in profit or loss		
Dividend income from available-for-sale financial assets	31	6
Interest income on:		
– cash and cash equivalents	44	182
– loan to a business associate	–	398
– loan to an investee	–	689
– loan to a minority shareholder	615	265
Accretion of discount implicit in retention sum receivables	2,070	2,616
Implicit interest in retention sum payables	879	408
Finance income	3,639	4,564
Interest expense on:		
– bank loans	(1,647)	(1,318)
– bank overdrafts	(110)	(531)
– finance leases	(53)	(81)
– loan from a financial institution	(868)	–
– loan from a corporate shareholder	(253)	(258)
– loan from business associates	(443)	–
Accretion of implicit interest in retention sum payables	(784)	(497)
Discount implicit in retention sum receivables	(985)	(1,341)
Exchange (loss)/gain (net)	(332)	433
Finance expenses	(5,475)	(3,593)
Net finance (expenses)/income recognised in profit or loss	(1,836)	971
The above finance income and finance expenses include the following interest income and expenses in respect of assets/(liabilities) not at fair value through profit or loss:		
– Total interest income on financial assets	659	1,534
– Total interest expenses on financial liabilities	(3,374)	(2,188)
Recognised in other comprehensive income		
Translation differences relating to financial statements of foreign subsidiaries	(1,872)	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation	(20)	(38)
Net change in the fair value of available-for-sale investments	73	(137)
Income tax on finance income and finance expense recognised in other comprehensive income	(9)	32
Finance (expense)/income recognised in other comprehensive income, net of tax	(1,828)	3,481

Notes to the Financial Statements

25. INCOME TAX EXPENSE

	2009 $'000	2008 $'000
Current tax		
Current year	10,010	925
Land appreciation tax	4,369	2,804
Adjustment for prior years	1,471	2,936
	15,850	6,665
Deferred tax		
Origination and reversal of temporary differences	(1,090)	(382)
Effect of reduction in tax rates	(182)	83
Recognition of previously unrecognised deferred tax assets	(269)	–
Adjustment for prior years	(425)	(3,450)
	(1,966)	(3,749)
Total income tax expense	13,884	2,916

Income tax recognised in other comprehensive income

	Before tax	Tax (expense)/ benefit	Net of tax
Year ended			
31 December 2009			
Translation differences relating to financial statements of foreign subsidiaries	(1,872)	–	(1,872)
Exchange differences on monetary items forming part of net investment in a foreign operation	(20)	3	(17)
Net change in the fair value of available-for-sale investments	73	(12)	61
	(1,819)	(9)	(1,828)
31 December 2008			
Translation differences relating to financial statements of foreign subsidiaries	3,624	–	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation	(38)	7	(31)
Net change in the fair value of available-for-sale investments	(137)	25	(112)
	3,449	32	3,481

Notes to the Financial Statements

25. INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate	2009 $'000	2008 $'000
Profit before income tax	65,528	10,698
Less: Share of profit of associates and joint ventures, net of tax	(19,983)	(6,980)
Profit before income tax excluding share of results of associates and joint ventures	45,545	3,718
Income tax expenses using domestic rates applicable to different jurisdictions	10,010	1,101
Effect of reduction in tax rates	(182)	83
Expenses not deductible for tax purposes	915	994
Income not subject to tax	(582)	(395)
Deferred tax benefits not recognised	563	846
Tax incentives	(806)	(1,300)
Effect of land appreciation tax	3,277	2,103
(Over)/under provision in prior years:		
– current tax	1,471	2,936
– deferred tax	(425)	(3,450)
Recognition of previously unrecognised deferred tax assets	(269)	–
Others	(88)	(2)
	13,884	2,916

The weighted average applicable tax rate excluding effects of land appreciation tax and (over)/under provision was 21.0% (2008: 35.7%) for the financial year ended 31 December 2009.

Land appreciation tax

Under the Provisional Rules on Land Appreciation Tax ("LAT") Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including all finance costs and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Notes to the Financial Statements

25. INCOME TAX EXPENSE (CONT'D)

Income and revenue taxes

The Group is subject to income and revenue taxes in a few jurisdictions. Significant judgement is required in determining the capital allowances, the types and rates of taxes payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the revenue, provision for income tax and deferred income tax provisions in the period in which such determination is made.

Tax incentives (Investment allowances)

In 2008 and 2009, investment allowance amounted to $1,300,000 and $806,000 respectively was granted to a subsidiary in respect of capital expenditure on approved construction equipment, under Section 67 of the Economic Expansion Incentives (Relief from Income tax) Act.

26. EARNINGS PER SHARE

	2009 $'000	2008 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	41,402	9,272
	Number of shares '000	Number of shares '000
Ordinary shares at beginning/end of the year	564,996	564,996

For purposes of preparing the combined financial statements, the number of shares as at 31 December comprises the shares of the Company and its subsidiaries.

In calculating earnings per share, the number of shares in issue is on the basis of the completion of the Restructuring exercise as set out in Note 2, which have been applied retrospectively in presenting earnings per share information for all periods presented.

There were no dilutive potential ordinary shares in existence for the financial year ended 31 December 2009 (2008: Nil).

Notes to the Financial Statements

27. SIGNIFICANT ACQUISITIONS OF A SUBSIDIARY AND MINORITY INTEREST AND DISPOSALS OF SUBSIDIARIES

(a) Acquisition of a subsidiary

On 29 January 2008, a subsidiary of the Group acquired 60% interest in Cangzhou Huashi for a consideration of $13,123,000. From the date of acquisition to 31 December 2008, Cangzhou Huashi contributed net loss of $473,000 to the Group's results for the financial year ended 31 December 2008.

The effects of the acquisition of Cangzhou Huashi are set out below:

	Recognised values 2008 $'000
Property, plant and equipment	23
Trade and other receivables	63
Development properties	27,991
Cash and cash equivalents	446
Trade and other payables	(11,440)
Minority interest	(3,960)
Net identifiable assets	13,123
Cash consideration paid, satisfied in cash	–
Cash consideration paid or payable	13,123
Offset against prepayment made in 2007	(7,666)
Consideration payable at 31 December 2008	(3,991)
Cash acquired	(446)
Net cash outflow	1,020

(b) Disposals of subsidiaries

During the financial year ended 31 December 2008, the Group disposed of the following significant subsidiaries for a total consideration of $2,684,000, arrived at on a willing buyer – seller basis.

	Date of disposal	Effective interest disposed %
TSC (India)	30 September 2008	100
Suzhou Shengyang	31 December 2008	55

Notes to the Financial Statements

27. SIGNIFICANT ACQUISITIONS OF A SUBSIDIARY AND MINORITY INTEREST AND DISPOSALS OF SUBSIDIARIES (CONT'D)

(b) Disposals of subsidiaries (cont'd)

The cash flow and net assets of subsidiaries disposed are provided below:

	Note	2008 $'000
Property, plant and equipment		9
Trade and other receivables		5,331
Cash and cash equivalents		474
Trade and other payables		(1,226)
Minority interest		(2,259)
Net identifiable assets disposed		2,329
Gain on disposal	23(a)	355
Sale consideration		2,684
Offset against other receivable		(2,684)
Net cash and cash equivalents disposed		(474)
Net cash outflow		(474)

Net cash outflow in relation to disposals of TSC (India) and Suzhou Shengyang amounted to $7,000 and $467,000 respectively.

In 2008, the gain on disposal of subsidiaries of $355,000 relates to the gain on disposal of TSC (India). For TSC (India), the consideration is $1 and net cash outflow of $7,000 is mainly due to the net identifiable liabilities of TSC (India) whereby the acquirer, a corporate shareholder, took over the liabilities of TSC (India).

There is no gain or loss on disposal arising from the disposal of Suzhou Shengyang. The disposal proceed was set off against an amount due by a subsidiary of the Group to Suzhou Shengyang of $2,684,000.

Net cash outflow of $467,000 for the disposal of Suzhou Shengyang represented part of the distribution of the net assets of Suzhou Shenyang to its minority shareholders.

Notes to the Financial Statements

27. SIGNIFICANT ACQUISITIONS OF A SUBSIDIARY AND MINORITY INTEREST AND DISPOSALS OF SUBSIDIARIES (CONT'D)

(c) Disposal of interest in a subsidiary

In April 2008, Suzhou Huisheng disposed of an interest of 21.9% shareholding in Jiangsu Huihan to Jiangsu Huiyang for a consideration of $2,856,000. The carrying amount of the net assets of Jiangsu Huihan in the financial statements at the date of disposal was $12,994,000. No gain or loss on disposal arose from the disposal of Jiangsu Huihan as the proceeds of the disposal was based on the fair value of Jiangsu Huihan's identifiable assets, liabilities and contingent liabilities disposed.

28. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business unit, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Construction: Relates to acting as main contractors in construction projects and provision of construction services mainly to property in both private and public sectors.
- Property development: Relates to development and sales of properties.
- Rental: Relates to rental of investment properties and plant and machinery.

Other operations include general corporate activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the Financial Statements

28. OPERATING SEGMENTS (CONT'D)

The segment information provided to the CEO for the reportable segments for the years ended 31 December 2008 and 2009 is as follows:

31 December 2009

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000
External revenues	279,086	95,529	1,010	375,625	–	–	375,625
Interest income	1,129	653	–	1,782	225	(1,348)	659
Interest expenses	(1,442)	(1,932)	–	(3,374)	(1,125)	1,125	(3,374)
Depreciation	(17,913)	(145)	(720)	(18,778)	–	–	(18,778)
Reportable segment profit before income tax	22,864	23,997	185	47,046	(1,278)	(223)	45,545
Share of profit of associates and joint ventures, net of tax	19,983	–	–	19,983	–	–	19,983
Profit before income tax							65,528
Income tax expense							(13,884)
Profit for the year							51,644
Other material non-cash items:							
— Allowance for impairment losses in unquoted equity investments	(2,300)	–	–	(2,300)	–	–	(2,300)
Reportable segment assets	175,767	177,301	22,689	375,757	10,692	(46,207)	340,242
Investment in associates and joint ventures	27,031	–	–	27,031	74	–	27,105
Total assets							367,347
Reportable segment liabilities	129,673	80,707	–	210,380	57,074	(45,255)	223,083
Capital expenditure	3,183	229	–	3,412	25	–	3,437

Notes to the Financial Statements

28. OPERATING SEGMENTS (CONT'D)

31 December 2008

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000
External revenues	261,561	8,431	2,322	272,314	–	–	272,314
Interest income	1,439	811	–	2,250	149	(865)	1,534
Interest expenses	(1,740)	(428)	–	(2,168)	(670)	650	(2,188)
Depreciation	(13,659)	(107)	(987)	(14,753)	–	–	(14,753)
Reportable segment profit before income tax	2,813	665	1,294	4,772	(839)	(215)	3,718
Share of profit of associates and joint ventures, net of tax	6,980	–	–	6,980	–	–	6,980
Profit before income tax							10,698
Income tax expense							(2,916)
Profit for the year							7,782
Other material non-cash items:							
—Allowance for impairment losses in unquoted equity investments	(650)	–	–	(650)	–	–	(650)
Reportable segment assets	173,254	199,305	24,186	396,745	14,004	(54,985)	355,764
Investment in associates and joint ventures	10,203	–	–	10,203	–	–	10,203
Total assets							365,967
Reportable segment liabilities	145,632	132,928	–	278,560	47,913	(54,257)	272,216
Capital expenditure	27,791	75	384	28,250	–	–	28,250

Notes to the Financial Statements

28. OPERATING SEGMENTS (CONT'D)

Geographical segments

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

	2009 $'000	2008 $'000
Revenue from external customer		
Singapore	272,238	252,651
PRC	95,946	9,347
PNG	7,420	10,056
Other countries	21	260
	375,625	272,314

	2009 $'000	2008 $'000
Non-current assets		
Singapore	32,619	56,414
PRC	21,029	22,335
PNG	2,449	2,907
Other countries	–	395
Investment in associates and joint ventures	27,105	10,203
Other unallocated amounts	2,807	957
	86,009	93,211

Major customers

During the financial years ended 31 December 2008 and 2009, revenue from certain customers (named alphabetically A to E) of the Group's construction segment represent approximately $222,945,000 and $245,604,000 respectively. The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2009 $'000	%	2008 $'000	%
Customer A	33,559	9	93,552	34
Customer B	38,822	10	41,576	15
Customer C	53,974	14	37,017	14
Customer D	76,396	20	24,024	9
Customer E	42,853	11	26,776	10
Total	245,604	64	222,945	82

Notes to the Financial Statements

29. COMMITMENTS

(a) Commitments

Commitments of the Group not reflected in the financial statements at the respective reporting dates are as follows:

	2009 $'000	2008 $'000
Uncalled share capital in unquoted equity investment	1,500	1,500
Acquisition of land use rights	57,844	–
Developmental costs contracted but not provided for	10,398	617
	69,742	2,117

Acquisition of land use rights relates to the remaining capital commitment for the acquisition of land use rights of a piece of land in Dagang, PRC for which a deposit of approximately $42,611,000 had been placed as at 31 December 2009 (note 10).

(b) Operating lease commitments

Leases entered into as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of two pieces of land, an office and a warehouse are payable as follows:

	2009 $'000	2008 $'000
Within 1 year	367	315
After 1 year but within 5 years	483	780
After 5 years	249	251
	1,099	1,346

30. FINANCIAL GUARANTEES

	2009 $'000	2008 $'000
Financial guarantee contracts		
Financial guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (unsecured)	8,014	16,990
Financial guarantee given to an external party for loan granted to a minority shareholder (secured)	–	2,522
	8,014	19,512

Notes to the Financial Statements

30. FINANCIAL GUARANTEES (CONT'D)

(a) Financial guarantee contracts

(i) At each reporting date, the Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtaining the individual property ownership certificate to be lodged with the various banks or the full settlement of mortgage loan by the buyer.

(ii) At 31 December 2008, the financial guarantee given to an external party for a loan granted to a minority shareholder was secured on certain development properties of the Group. This financial guarantee was fully released in 2009.

(b) Contingent liabilities

A claim by way of arbitration amounting to approximately $2,500,000 was lodged by a third party against Tiong Seng Contractors in 2004 for alleged losses and damages arising from a project for which works were carried out. Provision for claims in relation to the case amounted to $791,000 (2008: $791,000) was made as at 31 December 2009 (note 20). The eventual outcome of the case will depend on the on-going arbitration.

31. RELATED PARTIES

For the purposes of these financial statements, a party is related to the Group if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group, or has an interest in the Group that gives it significant influence over the Group, or has joint control over the Group.

A party is also related to the Group if the party is an associate; a member of the key management personnel of the Group; a close member of the family of any individual referred to in the previous paragraph or a member of the key management personnel of the Group; an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above; or a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the Group.

Notes to the Financial Statements

31. RELATED PARTIES (CONT'D)

(a) Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The amounts stated below for key management compensation are for all the executive directors and other key management personnel. The amounts do not include compensation, if any, of certain key management personnel and directors of the Group who received compensation from related corporations outside the Group in their capacity as directors and, or executives of those related corporations.

Compensation payable to key management personnel, included in staff costs, comprise:

	2009 $'000	2008 $'000
Short-term employee benefits	2,984	2,918
Post-employment benefits	120	120
Others	52	13
	3,156	3,051
Directors' fees included in other expenses	130	120

(b) Significant transactions with related parties

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2009 $'000	2008 $'000
A corporate shareholder		
Rental fee paid and payable for parking lots	(182)	(44)
Interest paid and payable	(253)	(258)
Jointly controlled entities		
Revenue from construction contracts	23,345	19,988
Purchase of raw materials	(377)	(842)
Affiliated corporations		
Rental income from leasing of equipment	1	5
Rental of office received and receivable	–	16
Service income	16	18
Hiring charges	(2,303)	(3,161)
Purchase of materials	(530)	(2,550)
Interest paid and payable	(852)	(348)
Minority shareholder		
Interest income on loan	615	265
Late payments charged on loan	186	–

Notes to the Financial Statements

31. RELATED PARTIES (CONT'D)

(b) Significant transactions with related parties (cont'd)

At 31 December 2008 and 2009, interest paid and payable to an affiliated corporation by the Group is capitalised in the cost of development properties as the interest and related loans from the affiliated corporation are directly attributable to the acquisition and construction of the related developmental properties for the Group's developmental project in the PRC.

32. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

– credit risks

– liquidity risks

– market risk

This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management strategy seeks to minimise adverse effects from unpredictability of financial markets on the Group's financial performance. The Group has adopted natural hedging policy by matching assets and liabilities of the same currency. It is, and has been the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

(b) Credit risk

Credit risk is the risk of loss arising from a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate will have an impact on credit risk. In 2009, approximately 98% (2008: 96%) of the Group's revenue is attributable to transactions in Singapore and the PRC and the Group is principally involved in the construction and property development activities. Consequently, the risk of non-payment from the Group's trade receivables is affected by any unfavourable economic changes to the Singapore construction industry and the PRC property development market.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting dates is as follows:

	2009 $'000	%	2008 $'000	%
By country:				
Singapore	16,711	94.8	24,322	90.7
PRC	301	1.7	520	2.0
PNG	621	3.5	1,962	7.3
Total	17,633	100.0	26,804	100.0
By industry sectors:				
Construction	17,332	98.3	26,284	98.0
Property development	301	1.7	520	2.0
Total	17,633	100.0	26,804	100.0

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The carrying amounts of other receivables, amounts due from related parties and cash and cash equivalents represented the maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Management of credit risk

- The Group has established a credit policy and the exposures to credit risk are monitored on an ongoing basis. The contracting parties with the Company for the construction projects are either companies with good reputation in the market, listed on the Singapore Exchange or government agencies. As for sales of properties, sales proceeds are fully settled upon delivery of properties.

- Monies due from customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

- Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Group has arranged bank financing for certain purchasers of properties and provided guarantees to secure repayment obligations of such purchasers. Details of these guarantees are set out in note 30.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses

The aging of trade receivables and impairment losses at the reporting dates can be analysed as:

	2009 Gross $'000	2009 Allowance for doubtful debts $'000	2008 Gross $'000	2008 Allowance for doubtful debts $'000
Not past due	17,194	–	22,664	–
Past due 0-30 days	2	–	3,344	–
Past due 31-60 days	–	–	95	–
More than 60 days	517	80	935	234
	17,713	80	27,038	234

The aging of trade amounts due from joint ventures and impairment losses at the reporting dates can be analysed as:

	2009 Gross $'000	2009 Allowance for doubtful debts $'000	2008 Gross $'000	2008 Allowance for doubtful debts $'000
Not past due	389	–	822	–
Past due 0-30 days	111	–	37	–
Past due 31-60 days	213	–	23	–
More than 60 days	3,062	–	14	–
	3,775	–	896	–

Amount not paid after the credit terms will be considered past due. The credit terms granted to customers are based on their creditworthiness, individual construction contract and the Group's policy.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables and trade amounts due from joint ventures not past due or past due up to 60 days. These receivables are mainly arising by customers that have a good record with the Group.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting dates. The Group has not provided impairment losses on trade receivables and trade amounts due from joint ventures which are past due more than 60 days at the reporting dates as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables, trade amounts due from joint ventures and investments. The component of this allowance is specific loss that relates to individually significant exposures.

The change in allowances for doubtful debts in respect of trade receivables and trade amounts due from joint ventures during the year is as follows:

	2009 $'000	2008 $'000
At 1 January	234	385
Provision made	21	110
Provision reversed	(78)	–
Provision utilised	(97)	(261)
At 31 December	80	234

Write-off policy

The Group writes off trade receivables and trade amounts due from joint ventures (and any related allowances for impairment losses) when the Group determines that the trade receivables are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The risk can arise from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

Management of liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including raising loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

At 31 December 2009, the Group maintains the following lines of credit:

- $16,271,000 (2008: $25,000,000) overdraft facilities that are secured of which $1,585,000 (2008: $15,400,000) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and
- $30,269,000 (2008: $91,900,000) that can be drawn down to meet short-term financing needs. Included are $16,629,000 (2008: $57,700,000) that have been drawn down.

The above lines of credit exclude term loan facilities that have been drawn down as they are no longer available for further utilisation.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

				Cash flows	
	Carrying amount $'000	Contractual cash flows $'000	Within 1 Year $'000	Within 1 to 5 years $'000	More than 5 years $'000
At 31 December 2009					
Trade and other payables					
Trade payables	16,726	16,726	16,726	–	–
Accrued trade payables	51,794	51,794	51,794	–	–
Accrued operating expenses	4,693	4,693	4,693	–	–
Provision for claims	791	791	791	–	–
Receipts in advance	31,630	31,630	31,630	–	–
Retention sums payable	20,555	21,423	15,092	6,331	–
Dividend payable	6,000	6,000	6,000	–	–
Other payables	6,062	6,062	6,062	–	–
Loans and borrowings					
Secured bank loans	24,863	25,747	18,129	7,618	–
Secured loan from a financial institution	14,410	16,805	1,801	15,004	–
Secured bank overdrafts	1,585	1,585	1,585	–	–
Finance lease liabilities	641	676	479	187	10
Amounts due to related parties	18,949	20,362	13,209	7,153	–
Recognised financial liabilities	198,699	204,294	167,991	36,293	10
Financial guarantees	–	8,014	8,014	–	–
	198,699	212,308	176,005	36,293	10

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 Year $'000	Cash flows Within 1 to 5 years $'000	More than 5 years $'000
At 31 December 2008					
Trade and other payables					
Trade payables	16,591	16,591	16,591	–	–
Accrued trade payables	43,864	43,864	43,864	–	–
Accrued operating expenses	4,086	4,086	4,086	–	–
Provision for claims	935	935	935	–	–
Receipts in advance	63,975	63,975	63,975	–	–
Retention sums payable	13,173	13,698	6,147	7,551	–
Other payables	8,146	8,146	8,146	–	–
Loans and borrowings					
Secured bank loans	57,709	59,642	56,502	3,140	–
Secured bank overdrafts	15,416	15,416	15,416	–	–
Unsecured loan from a business associate	633	633	633	–	–
Finance lease liabilities	1,375	1,434	924	510	–
Amounts due to related parties	32,096	34,042	21,926	12,116	–
Recognised financial liabilities	257,999	262,462	239,145	23,317	–
Financial guarantees	–	19,512	19,512	–	–
	257,999	281,974	258,657	23,317	–

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Exposure to interest rate risk

The Group's exposure to interest rate risks arises primarily from their debts obligations. The interest charge for debts obligations are made up of a mixture of fixed and floating rates. The floating rate loans are contractually repriced at intervals of one to twelve months, or when notified by banks. The Group does not use derivative financial instruments to hedge interest rate risk.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Exposure to interest rate risk (cont'd)

At the reporting dates, the interest rate profile of the Group's interest bearing financial instruments is:

	2009 $'000	2008 $'000
Variable rate instruments		
Interest bearing loans and borrowings	17,690	67,775

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bp in interest rates at the reporting dates would have increased (decreased) profit or loss by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss	
	100 bp increase $'000	100 bp decrease $'000
2009		
Variable rate instruments	(177)	177
2008		
Variable rate instruments	(678)	678

The sensitivity analysis is illustrative only and is based on simplified scenarios. The table shows interest rate risk exposures arising in interest-bearing liabilities. These particular exposures form only part of the Group's overall interest rate exposures.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the United State dollars ("USD"), RMB, SGD and Hong Kong dollars ("HKD").

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	USD $'000	RMB $'000	SGD $'000	HKD $'000	Others $'000	Total $'000
At 31 December 2009						
Intercompany receivables	21,516	14,847	29,672	–	–	66,035
Cash and cash equivalents	1,511	24,252	3,206	10	3,862	32,841
Trade and other payables	–	(41,531)	(95,914)	(1)	(805)	(138,251)
Amounts due to related parties	(2,993)	(14,945)	(1,011)	–	–	(18,949)
Intercompany payables	(21,516)	(14,847)	(29,672)	–	–	(66,035)
Net financial (liabilities)/assets	(1,482)	(32,224)	(93,719)	9	3,057	(124,359)
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	–	33,686	87,942	1	(3,038)	118,591
Net currency exposure	(1,482)	1,462	(5,777)	10	19	(5,768)
At 31 December 2008						
Intercompany receivables	11,618	64,505	29,341	–	–	105,464
Cash and cash equivalents	164	6,490	890	17	3,371	10,932
Trade and other payables	–	(77,678)	(72,749)	(10)	(333)	(150,770)
Amounts due to related parties	(3,072)	(16,352)	(12,672)	–	–	(32,096)
Intercompany payables	(11,618)	(64,505)	(29,341)	–	–	(105,464)
Net financial (liabilities)/assets	(2,908)	(87,540)	(84,531)	7	3,038	(171,934)
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	–	89,772	77,996	(17)	(3,038)	164,713
Net currency exposure	(2,908)	2,232	(6,535)	(10)	–	(7,221)

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Sensitivity analysis

A 10 percent strengthening of the Singapore dollars against the following currencies at the respective reporting dates would have increased (decreased) profit or loss by the amounts shown below. There is no effect to the equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss (Pre-tax) $'000
2009	
USD	148
RMB	(146)
SGD	578
HKD	(1)
2008	
USD	291
RMB	(223)
SGD	654
HKD	1

A 10 percent weakening of the Singapore dollars against the above currencies at the respective reporting dates would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Determination of fair values

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. These estimates do not reflect any premium or discount that would result from offering for sale at one time the Group's entire holdings of a particular financial instrument. For financial instruments with no active markets, fair value estimates are based on judgements regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following sets out the Group's basis of establishing fair values of the financial assets and liabilities as shown below:

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Investment in equity and debt securities

The fair value of quoted available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting dates.

The fair value of unquoted equity investments available for sale is determined using appropriate valuation technique. In determining the fair value, the Group has estimated the net asset value as at each reporting date, and adjusted for market conditions existing at each reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting dates.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, amounts due from/(to) related parties, trade and other payables and loans and borrowings) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair value.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve as at the respective reporting dates plus an adequate constant credit spread, which are as follows:

	2009 %	2008 %
Loans and borrowings	5.38-5.40	5.38-5.40
Retention monies on construction contracts	5.75	5.75
Retention sums payable	5.75	5.75

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at fair value.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Fair values versus carrying amounts

	Carrying amount $'000	Fair Value $'000
31 December 2009		
Financial assets		
Retention monies on construction contracts	39,122	39,645
Financial liabilities		
Loans from an affiliated corporation (non-current)	(2,676)	(2,794)
Retention sums payable	(20,555)	(21,496)
Secured bank loans	(24,863)	(24,787)
Secured loan from a financial institution	(14,410)	(15,214)
Financial lease liabilities	(641)	(627)
	(63,145)	(64,918)
Total	(24,023)	(25,273)
Unrecognised loss		(1,250)
31 December 2008		
Financial assets		
Retention monies on construction contracts	28,411	28,669
Retention monies due from a joint venture	716	723
	29,127	29,392
Financial liabilities		
Loans from an affiliated corporation (non-current)	(5,675)	(6,191)
Retention sums payable	(13,173)	(13,255)
Secured bank loans	(57,709)	(57,738)
Financial lease liabilities	(1,375)	(1,336)
	(77,932)	(78,520)
Total	(48,805)	(49,128)
Unrecognised loss		(323)

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2009				
Quoted equity investments	81	–	–	81
Unquoted equity investments	–	–	796	796
	81	–	796	877

There is no transfer into or out of Level 3 of the fair value hierarchy during the financial year.

Notes to the Financial Statements

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risks (cont'd)

Financial instruments by category

Set out below is a comparison by category of carrying amounts of the Group's financial instruments that are carried in the financial statements:

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000
31 December 2009					
Assets					
Trade and other receivables*	10	105,466	–	–	–
Amounts due from related parties	11	27,006	–	–	–
Other investments:					
– Club membership	12	–	–	285	–
– Quoted equity instruments	12	–	81	–	–
– Unquoted equity instruments	12	–	796	–	–
Cash and cash equivalents	16	32,841	–	–	–
		165,313	877	285	–
Liabilities					
Amounts due to related parties	11	–	–	–	(18,949)
Trade and other payable#	20	–	–	–	(81,764)
Loans and borrowings	21	–	–	–	(41,499)
		–	–	–	(142,212)
31 December 2008					
Assets					
Trade and other receivables*	10	83,007	–	–	–
Amounts due from related parties	11	22,356	–	–	–
Other investments:					
– Club membership	12	–	–	285	–
– Quoted equity instruments	12	–	20	–	–
– Unquoted equity instruments	12	–	2,887	–	–
Cash and cash equivalents	16	10,932	–	–	–
		116,295	2,907	285	–
Liabilities					
Amounts due to related parties	11	–	–	–	(32,096)
Trade and other payable#	20	–	–	–	(102,820)
Loans and borrowings	21	–	–	–	(75,133)
		–	–	–	(210,049)

* Excluded accrued receivables, tax prepayments and prepayment for resettlement costs.

\# Excluded accrued trade payables and accrued operating expenses

Statistics of Shareholdings

As at 30 April 2010

No of shares issued : 753,995,750
Class of shares : Ordinary
Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	522	29.90	3,744,000	0.50
10,001 – 1,000,000	1,185	67.87	116,904,150	15.50
1,000,001 AND ABOVE	39	2.23	633,347,600	84.00
TOTAL	**1,746**	**100.00**	**753,995,750**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TIONG SENG SHAREHOLDINGS PTE LTD	451,996,600	59.95
2	DBS NOMINEES PTE LTD	39,253,000	5.21
3	PECK TIONG CHOON (PRIVATE) LIMITED[1]	24,419,200	3.24
4	WAN SENG ENTERPRISES PTE LTD	21,220,650	2.81
5	CITIBANK NOMINEES SINGAPORE PTE LTD	8,565,000	1.14
6	DBS VICKERS SECURITIES (S) PTE LTD	7,609,000	1.01
7	PEK AH TUAN	6,008,200	0.80
8	HSBC (SINGAPORE) NOMINEES PTE LTD	5,976,000	0.79
9	LEE KHAR HOON	5,500,000	0.73
10	PECK KHEE SONG	4,792,000	0.64
11	LEE KENG LAN	4,758,600	0.63
12	LOW SZE WEE	3,991,900	0.53
13	LEE HONG CHUAN	3,300,000	0.44
14	ANDREW KHNG	3,284,300	0.44
15	SHINGDA CONSTRUCTION PTE LTD	2,815,000	0.37
16	LIM KIM ENG	2,637,250	0.35
17	PHILLIP SECURITIES PTE LTD	2,561,000	0.34
18	PAY KIAN MENG GILBERT	2,342,000	0.31
19	OCBC SECURITIES PRIVATE LTD	2,203,000	0.29
		2,200,000	0.29
	TOTAL	**605,432,700**	**80.31**

[1] Peck Tiong Choon (Private) Limited has lent an aggregate of 28,350,000 shares (or 3.76%) to DBS for the purpose of over-allotments during the IPO and effect transactions to stabilise or maintain the market prices of our shares, subject to compliance with all applicable laws and regulations.

Statistics of Shareholdings

As at 30 April 2010

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Tiong Seng Shareholdings Pte Ltd	451,996,600	59.9	–	–
Peck Tiong Choon (Private) Limited[(1)]	52,769,200	7.0	451,996,600	59.9
Pek Ah Tuan[(2)]	6,008,200	0.8	52,769,200	7.0
Lee It Hoe[(3)]	–	–	477,125,550	63.2

Notes:

(1) Peck Tiong Choon (Private) Limited ("PTC") holds approximately 46.7% of the shares in Tiong Seng Shareholdings Pte Ltd ("Tiong Seng Shareholdings") and pursuant to Section 7 of the Companies Act, Cap 50 is deemed interested in the Shares held by Tiong Seng Shareholdings.

(2) Pek Ah Tuan, together with his associates, collectively holds approximately 33.6% of the shares in PTC and pursuant to Section 7 of the Companies Act, Cap 50 is deemed interested in the Shares held by PTC.

(3) Lee It Hoe is deemed interested in the Shares held by his associates, namely his mother, Lim Kim Eng, and his brother, Lee Yew Sim. Lee It Hoe is also deemed interested in the Shares held by Wan Seng Enterprises (Private) Limited ("Wan Seng") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their shares in Wan Seng. In addition, Lee It Hoe is also deemed interested in the shares held by Tiong Seng Shareholdings as his associates are collectively entitled to exercise control of approximately 22.9% of the shares in Tiong Seng Shareholdings.

TREASURY SHARES – RULE 1207 (9) (F)

The Company does not hold any Treasury Shares.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 32.5% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tiong Seng Holdings Limited (the "Company") will be held at The Pines, 30 Stevens Road Singapore 257840, on Wednesday, 26th May, 2010 at 0930 hours for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2009 together with the Auditors' Report thereon.
   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 88 of the Company's Articles of Association:

   Mr Pek Lian Guan **(Resolution 2)**
   Mr Pay Sim Tee **(Resolution 3)**
   Mr Lee It Hoe **(Resolution 4)**
   Mr Ong Lay Khiam **(Resolution 5)**
   Mr Ang Peng Koon, Patrick **(Resolution 6)**

   Mr Lee It Hoe will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Ong Lay Khiam will, upon re-election as Director of the Company, remain Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Ang Peng Koon, Patrick will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Pek Ah Tuan be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [See Explanatory Note (i)] **(Resolution 7)**

5. To approve the payment of Directors' fees of S$490,000 for the year ending 31 December 2010, to be paid half yearly in arrears.
   [See Explanatory Note (ii)] **(Resolution 8)**

6. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities;
[See Explanatory Note (iii)] **(Resolution 10)**

Notice of Annual General Meeting

9. **Authority to allot and issue shares under the Tiong Seng Share Award Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company pursuant to the vesting of awards under the Tiong Seng Share Award Scheme (the "Scheme") in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
[See Explanatory Note (iv)] **(Resolution 11)**

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries
Singapore, 11 May 2010

Explanatory Notes on Resolutions to be passed:

(i) The effect of the Ordinary Resolution 7 proposed in item 4 above, is to re-appoint a director who is over 70 years of age.

(ii) Ordinary Resolution 8 proposed in item 5 above, is to approve the payment of Directors' fees of S$490,000 for the year ending 31 December 2010 on a half yearly basis, in arrears.

(iii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(iv) The Ordinary Resolution 11 proposed in item 9 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the vesting of awards under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 510 Thomson Road #08-00 SLF Building Singapore 298135 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

TIONG SENG HOLDINGS LIMITED

(Incorporated in Singapore)

(Co. Reg. No: 200807295Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Tiong Seng Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

*I/We, ____

of ____

being a member/members of Tiong Seng Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The Pines, 30 Stevens Road Singapore 257840, on Wednesday, 26th May, 2010 at 0930 hours and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2009		
2	Re-election of Mr Pek Lian Guan as a Director		
3	Re-election of Mr Pay Sim Tee as a Director		
4	Re-election of Mr Lee It Hoe as a Director		
5	Re-election of Mr Ong Lay Khiam as a Director		
6	Re-election of Mr Ang Peng Koon, Patrick as a Director		
7	Re-appointment of Mr Pek Ah Tuan as a Director		
8	Approval of Directors' fees amounting to $490,000 for financial year ending 31 December 2010		
9	Re-appointment of Messrs KPMG LLP as Auditors		
10	Share Issue Mandate		
11	Authority to allot and issue shares under the Tiong Seng Share Award Scheme		

**Delete where inapplicable*

Dated this ____________ day of ____________________ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 510 Thomson Road #08-00 SLF Building Singapore 298135 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TIONG SENG HOLDINGS LIMITED
ESTABLISHED SINCE 1959. SINGAPORE

510 Thomson Road #08-00, SLF Building,
Singapore 298135
Tel: (65) 6356 0822
Fax: (65) 6356 0688
Company Registration Number: 200807295Z
Website: www.tiongseng.com.sg