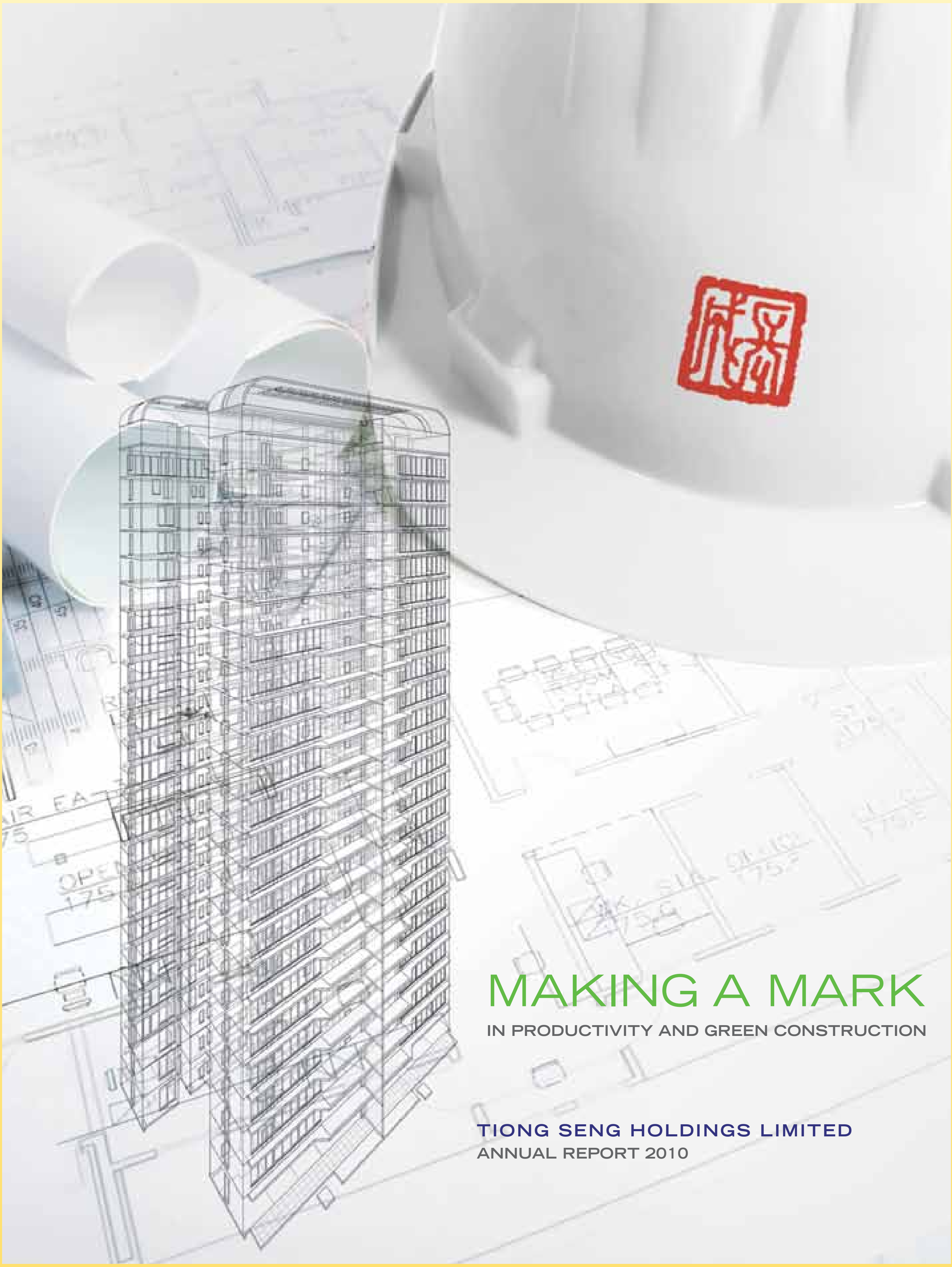


MAKING A MARK

IN PRODUCTIVITY AND GREEN CONSTRUCTION

TIONG SENG HOLDINGS LIMITED

ANNUAL REPORT 2010

CORPORATE PROFILE

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

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.

Through the years, Tiong Seng has been a first-mover by focusing on building methods and technologies which improve productivity and core efficiencies. For instance, aside from using advanced formwork systems which cuts construction time, we have been adopting pre-casting since 1995 and we take pride in raising this competency to a new level with our upcoming Prefab Hub.

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.

CONTENTS

COVER STORY

MAKING A MARK

IN PRODUCTIVITY AND GREEN CONSTRUCTION

PRODUCTIVITY – KEY TO FUTURE GROWTH

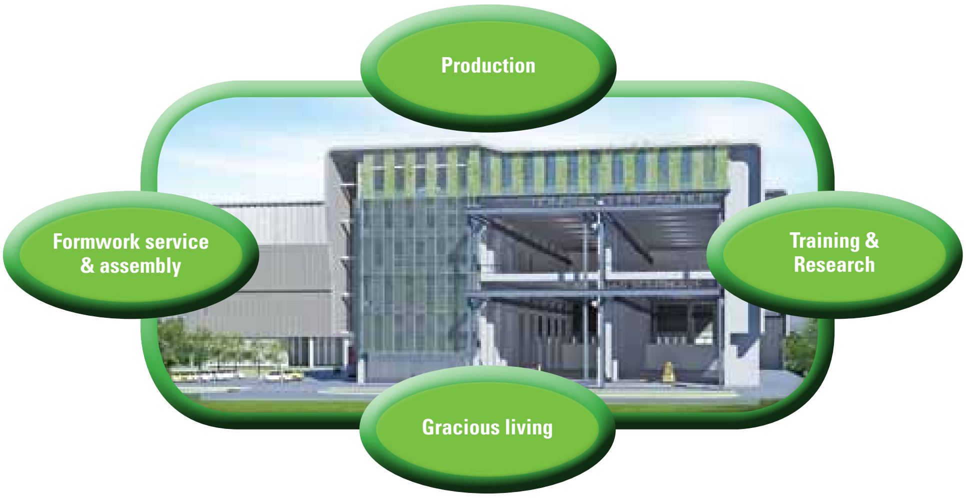
In resource-scarce Singapore, the need to manage labour, processes and other construction costs are crucial. We have undertaken a colossal challenge: our goal is to improve productivity across the entire construction value chain. This aligns with Singapore Building and Construction Authority's ("BCA") lead in raising productivity in the construction industry, such as its initiatives on raising the quality of the workforce, incentivising workforce development, technology adoption and capability building, as well as enhancing the buildability framework.

TIONG SENG PREFAB HUB

In line with the government's initiatives to raise productivity, we have been actively investing in and utilising technologies such as advanced modularised formwork system that takes half the time to erect as compared to traditional timber formwork; and more recently the Tiong Seng Prefab Hub ("Prefab Hub") where customised pre-cast concrete components will be manufactured under sheltered conditions to minimise disruptions due to unfavourable weather conditions.

Two automated production lines with state-of-the-art equipment from Germany will carry out complex work processes such as marking-out dimensions with high precision. A centralised computer system will control the entire production process and maintain data and records, and automated pallet circuits will transport products from one workstation to another for processing.

The S$26 million state-of-the-art facility is developed with an "Integrated Hub Concept" in mind, incorporating our pre-cast production capabilities, formwork assembly & maintenance, training and research, as well as green and gracious living for our workers all under one roof, spanning over 19,000 sqm in gross floor area.



The use of pre-cast concrete is a key means to raise construction productivity. We have adopted pre-cast construction since as far back as 1995. Pre-cast construction is widely regarded as a highly efficient construction method as it delivers quality products whilst reducing construction time and labour. Over the years, we have developed our niche capability in designing, manufacturing and installation of pre-cast components.

Our initiative to automate pre-cast concrete production makes us the first to receive funding under BCA's Construction Productivity and Capability Fund, with a supportable amount of $1 million.

COVER STORY (CONT'D)

TECHNOLOGY THAT DRIVES PRODUCTIVITY AND ENVIRONMENTAL SUSTAINABILITY

The adoption of new technology is also vital in driving higher levels of productivity in the construction industry. Whilst closer integration between designers and contractors will help this cause, technological tools can also integrate the value chain.

• BUILDING INFORMATION MODELING ("BIM")

A 3D parametric technology that can dramatically change the way buildings are designed and constructed, BIM allows designers to perform digital modeling and visualisation, and streamlines information sharing across the entire construction value chain - from architects to engineers and contractors. We started using BIM in 2010 and are seeing great potential in achieving higher levels of productivity and efficiency.

• COBIAX

In September 2010, we acquired a majority stake in Cobiax Technologies AG, a Swiss company known for its innovative and internationally-patented construction method, which produces high-performance slabs by using up to 30% less concrete, thus reducing 'dead weight'.

Tiong Seng is excited about the potential of Cobiax's green construction technology. Green builders will see Cobiax as an ideal option to reduce their carbon footprint as every cubic metre of concrete saved translates to a direct reduction of approximately 210kg of CO_2 emissions.

Cobiax has been adopted for a wide range of building projects across Europe, ranging from hospitals, offices, mixed-use complexes, schools, soccer stadiums, railway stations and many more.

Notable projects include:

Warsaw National Stadium in Poland

Elbphilharmonie in Hamburg, Germany

UEFA European Football Association headquarters in Nyon, Switzerland

With positive responses from developers and design consultants including architects and structural engineers, we expect to adopt Cobiax in more of our projects moving forward. Cobiax has received due recognition in Europe, including:

National Technical Approval
Certified by German Institute of Building Technology
• For compliance with the strict and high concrete design standard in Europe

Swiss Environmental Award
Awarded by Pro Aqua-Pro Vita Foundation, sponsored by the Swiss Federal Office for the Environment
• For outstanding ecological performance and successful CO2 reductions, innovation and professional implementation.
• One of the highest environmental distinction awards in Switzerland in 2010

SCORING BIG IN GREEN

Over the years, we have amassed a solid track record in green buildings in Singapore such as Parc Emily, Capella Hotel Singapore and Tribeca, among others. Our BCA's "Built Environment Leadership" and "Green and Gracious Builder" awards are testament to our reputation in the industry as a leader in green construction.

This build-up of technical know-how and industry recognition opened up more opportunities for the Group, notably our collaboration with our joint venture partners in 3 plots of land located within the 4 sq km start-up area in Tianjin Eco-city, a landmark bilateral project between Singapore and China.

Our upcoming Prefab Hub has also incorporated numerous green features to create a sustainable working and living environment, and has won BCA's Green Mark Platinum award:

- An eco-façade for the office block incorporating a vertical green wall
- An extensive green roof which provides natural cooling, monsoon windows to improve air ventilation
- Rainwater harvesting and urban farming

As such, we believe that our first-mover position in green construction will bode well for the Group, in view of BCA's Green Building Masterplan which requires at least 80% of the buildings in Singapore to achieve the BCA Green Mark Certified rating by 2030.

Tiong Seng will continue to take a serious stance towards going green, and design our projects with environmental sustainability in mind by utilising eco-friendly building designs and features, green technology and green practices.

AT A GLANCE

Construction & Civil Engineering Projects

2010 was a strong year for us. We completed many significant projects during this period, including private residential projects such as Tribeca, Wilkie Studio and Sky @ Eleven. We also completed final works for Sentosa Integrated Resorts, Marina Bay Financial Centre, and addition and alteration works for Raffles City's basement and underground linkway.

In Papua New Guinea, we wrapped up several projects to upgrade and seal roads in Simbu Province as well as the Eastern Highlands.

As at 31 December 2010, our order book for construction and civil engineering projects based on secured contracts stood at approximately S$1 billion.

Some of our major ongoing projects include (i) Contract 913 for the design and construction of stations and tunnels at Hillview and Cashew for stage 2 of the downtown line; (ii) Connexion, Singapore's first integrated healthcare and hospitality hub comprising a 230-room hotel, 189 specialist medical suites, numerous hospital wards and operating theatres, and a shopping arcade; (iii) Tree-House, a 429-unit condominium project that is designed with environmental sustainability in mind, and (iv) rehabilitation of roads in Eastern Highlands Province of Papua New Guinea.

1. Tribeca
2. Wilkie Studio
3. Sky @ Eleven
4. Sentosa Integrated Resorts
5. Marina Bay Financial Centre

THE GROUP IS CURRENTLY WORKING ON THE FOLLOWING PROJECTS:

Private Residential / Condominiums
- The Wharf Residences
- Volari
- Hundred Trees
- Tree House

Institutional
- Kent Vale NUS Staff Housing

Hotels
- Hotel at Upper Pickering Street

Commercial
- Central Boulevard Office Building*
- Connexion*

Civil Engineering – Infrastructure
- Upgrading and sealing of roads in Papua New Guinea
- Contract 913 - design & construction of stations and tunnels for stage 2 of downtown line*

* A joint venture project

AT A GLANCE

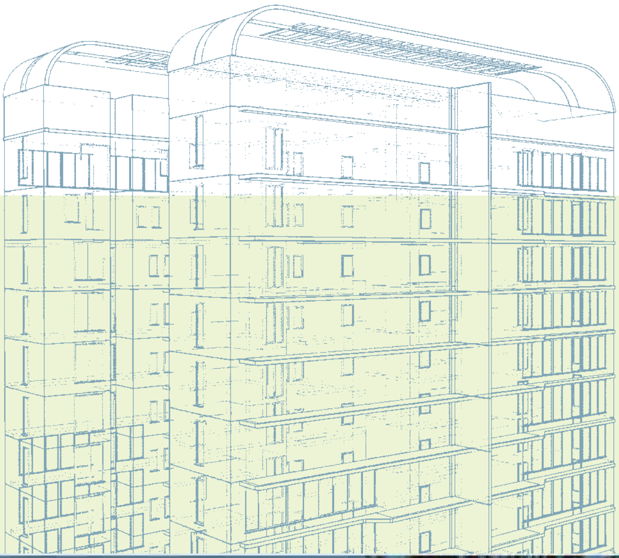
Property Development Projects

With our niche specialty in developing commercial, residential and mixed-use projects in the second- and third-tier cities such as Tianjin and Yangzhou, we have significantly expanded our investment in Tianjin Eco-City located in the Tianjin Binhai New Area this year.

Our 3-plot project in Tianjin Eco-City covers a total development area of more than 360,000 sqm and the gross development value is estimated at RMB4.5 billion.

On top of this, we also have three other ongoing projects in the Bohai Economic Rim, which is one of the main economic zones of the PRC, as follows:-

- **Sunny International Project, Cangzhou**
  Mixed residential and commercial development
- **The Equinox, Dagang**
  Low density developments in Guangang Forest Park
- **Zizhulin Commercial Development, Tianjin**



Tianjin Eco-City

The Equinox, Dagang

Sunny International Project, Cangzhou

LETTER TO SHAREHOLDERS

Left:
Pek Ah Tuan
Non-Executive Chairman

Right:
Pek Lian Guan
Executive Director & CEO

Dear Shareholders,

Riding on the strong momentum of Singapore's economic growth, which saw GDP growing by 14.5% in 2010, the Group has managed to build up a robust order book of S$1.0 billion over the next two years, mostly from residential projects as more supply of private and public housing are being added despite anti-speculative measures imposed during the year. The Building and Construction Authority ("BCA") announced that in 2011, new construction projects worth up to $28 billion would be largely driven by higher demand from the public sector, involving public transport, education & healthcare infrastructure and services.

That said, we are expecting more public projects in the coming years in view of some of the major developments, such as the development of Jurong General hospital at Jurong East and the development of the Downtown Line Stage 3. In addition, the Land Transport Authority has also recently announced the construction of the North-South Expressway to serve motorists along the north-south corridor, expected to commence in 2013.

In November, the Government also announced that it will place 17 sites, yielding 8,100 residential units, on the Confirmed List of the Government Land Sales Programme in the first half of 2011. This is expected to cater to growing demand for land for new developments. In addition, the Reserve List will have 13 sites which can yield 6,200 residential units.

We remain optimistic about the prospects of the construction market. With our established track record, we firmly believe that we are well positioned to handle the rising demand for quality construction services.

MAKING A MARK IN PRODUCTIVITY AND GREEN CONSTRUCTION

In line with the BCA's lead in raising productivity in the construction industry, Tiong Seng has been making its mark in the industry in productivity and green construction through enhancing our precast capability, usage of advanced construction technology, green technology and eco-friendly practices.

From our upcoming Tiong Seng Prefab Hub that will double our output of pre-cast components and improve productivity, to our continued investment in advanced technology like the PERI Advanced Formwork and the environmentally friendly Cobiax concrete slab technology (which optimises structural efficiency) – it is clear that we are taking a first-mover stance in our commitment to engage all stakeholders for a collaborative effort in the pursuit for higher productivity and green movement. We are also proud to be spearheading green initiatives and programmes across all project divisions internally on a company-wide basis.

We remain optimistic about the prospects of the construction market. With our established track record, we firmly believe that we are well positioned to handle the rising demand for quality construction services.

As builders, we pride ourselves on being an innovator and champion of good practices to shape a safe, quality, productive and sustainable built environment. We are confident that our efforts will result in wider benefits to the environment in which we work in.

2010 IN REVIEW

We made our maiden foray into the medical sector this year by clinching a $270 million contract in a joint venture with Samsung C&T Corporation to build Singapore's first integrated healthcare and hospitality hub, Connexion.

Located directly above Farrer Park MRT station and occupying a land area of 1.36 hectares, the integrated complex will comprise a 230-room hotel, 189 specialist medical suites, numerous hospital wards and operating theatres, as well as a shopping arcade on the ground floor. To be carried out in two phases, the hub is expected to be completed by January 2013.

This year, we also secured two sizeable new design-and-build contracts, Hundred Trees condominium and Tree House eco-condominium, valued at a total of S$267 million.

On the civil engineering side, we clinched two new contracts worth S$32.6 million for the rehabilitation of roads from Rypinka to Okapa Station Road in the Eastern Highlands Province of Papua New Guinea.

The Group completed a few significant projects in 2010, some of which included final works for Sentosa Integrated Resorts and Marina Bay Financial Centre Tower 3. For private developments, we completed Tribeca, Wilkie Studio and Sky @ Eleven.

Tiong Seng is honoured to have received high commendation from the Royal Society for the Prevention of Accidents ("RoSPA") for the Sector Award in the Construction Industry in 2010. In addition, six of our projects won the RoSPA Gold Award – Shelford Suites, Wilkie Studio, Sky @ Eleven, Hilltops, Tribeca and The Capella. Four of our projects also received the WSH Safety and Health award.

The Group has also demonstrated its competency in construction quality, having won several awards from BCA. Amongst the 12 residential projects that won BCA's Construction Excellence Award this year, three were Tiong Seng's projects: Parc Emily, Riveredge and St Regis Residences.

On the property development front, we continue to work on our key projects in the Bohai Economic Rim: Sunny International Project in Cangzhou, and The Equinox Project in Guangang Forest Park, and three-plots of land in Tianjin Eco-City.

FINANCIAL HIGHLIGHTS

For the full year ended 31 December 2010, the Group saw a higher proportion of projects that were completed or close to completion: Capella, Tribeca, Wilkie Studio, Sky @ Eleven, Marina Bay Financial Centre Tower 3 and Sentosa Integrated Resorts. For the full year, our revenue stood at approximately S$252.3 million. On the other hand, we saw an increase in work carried out for on-going projects: Addition and alteration works for the basement and linkway of Raffles City Shopping Mall, Hilltops, Shelford Suites, The Wharf Residences, Volari and Hotel at Upper Pickering Street, as well as projects in Papua New Guinea totaling some S$114.2 million.

Furthermore, in line with the Group's revenue recognition policy, work done amounting to approximately S$34.6 million from newly commenced projects, Hundred Trees, Tree House and NUS Staff Housing at Kent Vale, had yet to be recognised as revenue as at 31 December 2010.

Our property development business in China similarly posted a decrease in revenue of S$72.6 million in 2010 as most of the revenue from Tianmen Jinwan Building in Tianjin, which was completed in March 2009, were booked in 2009. The revenue generated from this project in FY2010 was derived from sales of the remaining completed units. Share of profit from joint ventures also dipped by approximately S$3.7 million in FY2010 due to project completion of certain joint venture projects.

Revenue from the direct sales and licensing segment, arising from the acquisition of a majority stake in Cobiax Technologies AG in September 2010, contributed approximately S$1.7 million in FY2010.

Our FY2010 results pegged the Group's nets asset value per share, excluding the Group's non-controlling interests, at 22.62 Singapore cents as at 31 December 2010 as compared to 17.27 Singapore cents last year.

The Group is recommending a final cash dividend of 1 cent per share for FY2010, pending shareholders' approval at its upcoming Annual General Meeting.

LETTER TO SHAREHOLDERS (CONT'D)

BUSINESS PROSPECTS

The Group's pipeline of projects continues to be very strong, with its order book for construction and civil engineering projects based on secured contracts standing at approximately S$1.0 billion as at 31 December 2010. The Group expects majority of these orders to be fulfilled over the next 12 to 30 months.

CONSTRUCTION

Backed by strong economic growth, Singapore's construction demand increased by 14% year-on-year from $22.5 billion in 2009 to $25.7 billion in 2010, according to the BCA. In 2011, Singapore's construction sector outlook continues to be promising, and BCA has projected that construction demand will sustain between $22 billion and $28 billion.

Rising costs in building materials and foreign workers' levies will continue to be of concern to construction companies in Singapore. The Singapore government's recent initiative to increase foreign workers' levy reinforces the critical need to employ the latest technologies to enhance cost efficiencies and productivity. To cushion this impact, we will continue to explore technology, training and other measures to improve productivity, and at the same time, utilise the government's new incentives for such investments.

We believe that we are ready to meet the challenges ahead given our investments in technologies such as pre-casting and advanced formwork systems to reduce our reliance on labour and also increase cost efficiencies. Our acquisition of a majority stake in Switzerland-based Cobiax Technologies AG also will give us a strong edge in driving efficiency and productivity by cutting the volume of concrete used in reinforcement concrete slab by as much as 30%. We are also looking forward to the completion of our Prefabrication Hub in 3Q2011 which will revolutionise the production of pre-cast building components through automation, thereby enhancing productivity at all levels.

The entry of a number of large foreign contractors in Singapore in 2010 has increased the competition for the Group. However, given our established track record and experience in enhancing productivity, safety and quality, the Group is confident that it will meet the challenges in its stride.

PROPERTY DEVELOPMENT IN THE PRC

The PRC Government's continual measures to cool and regulate the property market will likely have a short-term impact on property inflation, but it is expected that the PRC property market will continue to see good growth momentum in the longer term.

The Group still feels optimistic about the increasing rate of urbanisation which would invariably boost demand for quality housing in China's cities, and in turn translate to massive opportunities for Tiong Seng. By 2020, almost 50% of the population is estimated to live in cities, and by 2050, this number is likely to grow to 75%.

The PRC government's focus and initiatives to develop the second- and third-tier cities beyond the first-tier cities have not ceased. The Group anticipates that price trends for residential and commercial units in second- and third-tier cities are likely to remain stable in 2011 and the near medium term, especially when the Tianjin Binhai New Area ("TBNA") is viewed as a new driving force in the PRC economy.

ACKNOWLEDGMENTS

We would like to take this opportunity to express our heartfelt appreciation to all our shareholders, joint venture partners, business associates, customers, staff, as well as fellow directors on the Board. Without your continued hard work, support and advice, Tiong Seng would not be where we are today.

We look forward to seeing you all at our upcoming 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 Lian Guan has over 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.

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 in Singapore, the PRC, Socialist Republic of Vietnam, PNG and Laos. He is also in charge of property development and human resource in Tiong Seng Holdings Limited. Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1980.

MR LEE IT HOE Non-Executive Director

Mr Lee It Hoe is currently a dealing director of UOB Kay Hian Pte Ltd. He had also been a director of Grand Orient Securities Pte Ltd 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 expected to be an asset to our Group. Mr Lee was appointed to the Board on 24 February 2010. He holds a Diploma in Building Construction from Singapore Polytechnic in 1968.

BOARD OF DIRECTORS (CONT'D)

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, including the positions of Vice President, National Banking Group, DBS Bank; Director and Executive Vice President, Tat Lee Bank; General Manager, Corporate Banking, Keppel TatLee Bank and Executive Vice President, Hong Leong Finance. After retiring from Hong Leong Finance 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 Technoprenuership Centre of the University from July 2007 to June 2009. Mr Ong was appointed to our board of Directors on 24 February 2010.

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. From 1991 to 1999, he was a member of the Nanyang Technological University Council. He was conferred the Friend of Labour award by the National Trade Union Congress (NTUC) on 1 May 1990.

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 heads the firm's Regional Practices. He has had over 20 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. These include Lehman Brothers, Nortel group of companies, China Aviation Oil Corporation, Asia Pulp and Paper, restructuring of C2C Ltd (a large underwater telecoms cable company majority owned by SingTel), the collapse of Lewis and Peat (one of the world's largest rubber trading houses), the collapse of Sogo Department Store group of companies, Vikay Industrial Ltd, Alliance Technology & Development Ltd, Showpla Asia Ltd, BBR Holdings Ltd, Measurex Group, PT Ometraco (listed Indonesian company), Admiralty Leisure (owners of Tang Dynasty Theme Park), Lernout & Hauspie Group (then the world's largest speech software company), Beng & Ooi Medical Group (a large medical group in Singapore), PineTree Town Club, Fort Canning Country Club, Crown Prince Hotel and Chew Eu Hock Holdings Ltd. As of 24 November 2009, he has been appointed as a Director of Esplanade Co Ltd.

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. He is an Exco Member on the Employer Alliance and a member of the Council of the Law Society of Singapore.

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 joined Tiong Seng Contractors in 1975 and was appointed as director of TSC in 1991. Currently, he heads our 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 maintain and upkeep the plant and equipment for TSC.

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 manages the tender process for projects, and oversees various types of construction projects that Tiong Seng Contractors undertakes in Singapore, from civil engineering to the construction of buildings. He first joined Tiong Seng Contractors as a project engineer in 1992 and was subsequently promoted to project manager in 1993, and to director in 1998. Mr Pay Teow Heng 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 us since 1981. Back then, he was responsible for site management and managing construction activities. To date, Mr Khng has over 16 years of experience in administration, coordination and managing of civil engineering and building construction projects in Singapore and India. He currently sits on the board of various organisations outside our Group, including Singapore Contractors Association Limited. As of June 2009, Mr Khng is also the president of Singapore Contractors Association Limited. Mr Khng obtained an Advance Diploma in Business Management from the University of Bradford (MDIS) in 1997.

MR CHOO HONG CHUN Financial Controller
Mr Choo Hong Chun has been with us since 2003 and currently manages all financial, accounting, tax and banking matters for our Group. Prior to joining Tiong Seng Contractors, he was with an International Accounting Firm. Mr Choo graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. He has been a member of the Institute of Certified Public Accountants of Singapore since 1998.

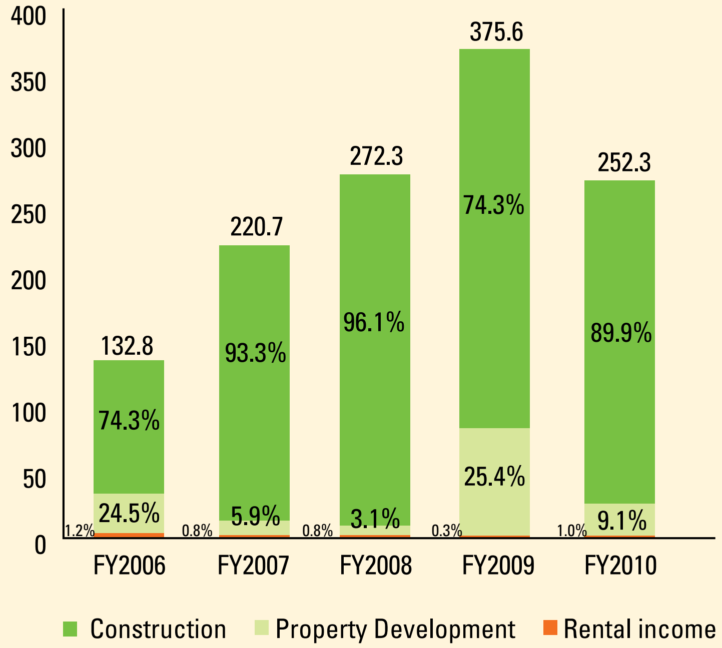
MR ONG CHUN TIONG General Manager, Tianjin, PRC
Mr Ong Chun Tiong has been overseeing our subsidiaries in Tianjin, PRC, since 2004. He joined us in 1998 as an Information Systems and Business Process Manager, and was responsible for our Group's expansion into new markets in the construction industry. 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 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 Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. Prior to joining Tiong Seng Contractors, Mr Bao was the deputy general manager of Suzhou Yunsheng Construction Development Co., Ltd (苏州运盛建设发展有限公司) from 1994 to 1996 where he was in charge of the general affairs of the company. 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.

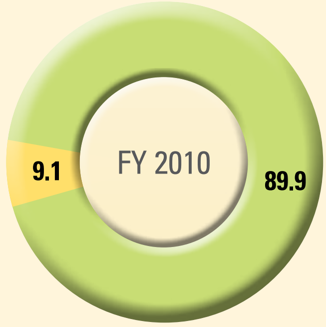
AT A GLANCE

Financial Highlights
for the financial year ended 31 December

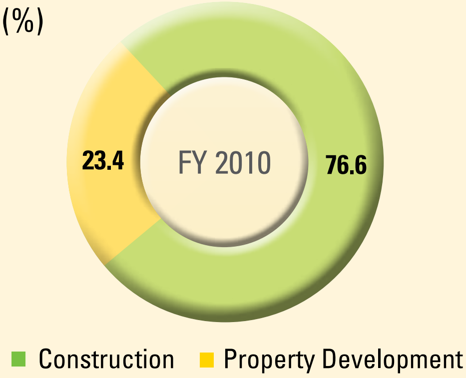
Revenue
(S$'million)



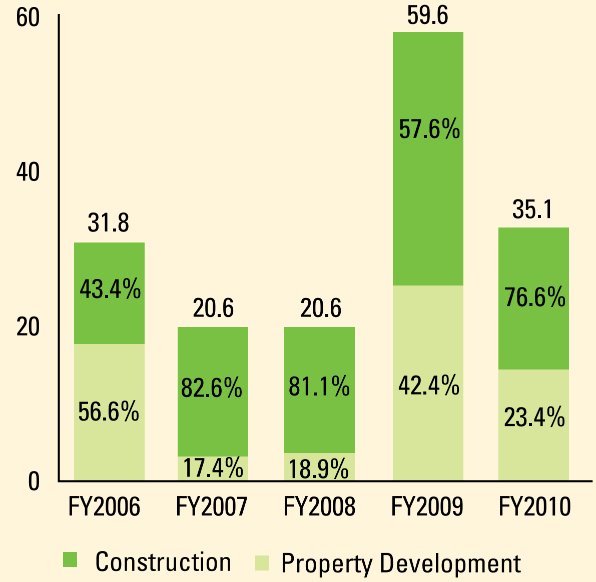
Revenue by Business Segments
(%)



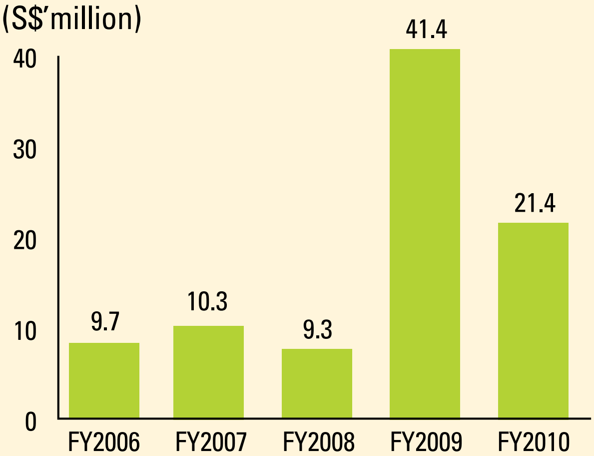
Gross Profit by Business Segments
(%)



Gross Profit
(S$'million)



Net Profit
(S$'million)



Financial Ratios: Liquidity

Current Ratio (times)

2008	2009	2010
1.1	1.5	1.7

Net Gearing Ratio* (times)

2008	2009	2010
0.68	0.06	-0.13

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

ACCREDITATIONS & AWARDS

Tiong Seng has received accreditations and awards from various government bodies and industry authorities in many areas over the years, testament to our high work quality and service standards:

SAFETY
RoSPA Award for Industry Safety from 2006 - 2010
- Highly commended for safety performance in 2008 to 2010; 6 awards won in 2010 alone

Awarded by Royal Society for the Prevention of Accidents (UK)

WSH Safety and Health Award in 2007, 2008 and 2010
Awarded by Workplace Safety and Health Council

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

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

Annual Safety and Health Performance Award in 2004 to 2006
Awarded by the Ministry of Manpower

QUALITY
BCA Construction Excellence Award in 2004, 2006, 2007, 2009 and 2010
Awarded by Building & Construction Authority of Singapore

BUSINESS EXCELLENCE
BCA Built Environment Leadership Award (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

Singapore Quality Class
Awarded by Spring Singapore, since 2002

ACCREDITATIONS
ISO 9001
Since 1995

OHSAS 18001
Since 2002

ISO 14001
Since 2002

ENVIRONMENTAL SUSTAINABILITY
BCA Green and Gracious Builder Award (Excellent) in 2009
Awarded by Building & Construction Authority of Singapore

BCA Green Mark Award in 2005, 2006, 2008 to 2010
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
SCAL Workplace Safety and Health Innovation Award in 2008
Awarded by Singapore Contractors Association Limited

WSH Innovation Award in 2006
Awarded by the Ministry of Manpower

Eureka Award in 2003
Awarded by Spring Singapore

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

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

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

Partner-in-charge: Teo Han Jo
(Appointment commenced from the audit of the financial year ended 31 December 2010)

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

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.

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 has adopted with reference to the Code. The Company confirms that it had adhered to the principles and guidelines as set out in the Code, where applicable, and explanations are provided for areas of non-compliance.

(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.

To facilitate effective management, certain functions of the Board have been delegated to Board Committees, namely Audit, Nominating and Remuneration Committees. Each Board Committee has the authority to examine particular issue and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further information regarding the functions of the respective Board Committees is set out in the later part of this Report.

Regular scheduled meetings are 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 are held as and when required to address any significant issues that 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.

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 are 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, one-third of whom is independent. The list of directors is as follows:

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

The size and composition of the Board are 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 bring 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 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 CEO are separate.

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.

The NC will put in place a process for selection and appointment of new directors. This provides the procedure for identification of potential candidates, evaluation of candidates skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board.

Although the Non-Executive Director and Independent Directors hold directorships in other companies, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group and is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors of the Company. The Board affirms and supports this view.

In accordance with the Company's Articles of Association, each Director is required to retire at least once every three years and, shall be eligible for re-election. A newly appointed Director is also required to submit himself for retirement and re-election at the Annual General Meeting ("AGM") immediately following their appointments.

In recommending a Director for re-election to the Board, the Nominating Committee considers, amongst other things, his performance and contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs).

The Nominating Committee has recommended the nomination of Mr Pay Sim Tee and Mr Ong Lay Khiam for re-election at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Pay Sim Tee and Mr Ong Lay Khiam will be offering themselves for re-election at the AGM.

Principle 5: Board Performance

The NC has established a process for assessing the effectiveness of the Board as a whole. A Board performance evaluation was carried out to assess and evaluate the Board's size, composition and expertise, the Board's access to information, as well as Board accountability and processes. The results of the performance evaluation will be reviewed by the Chairman of the NC. The Board and the NC ensure that Directors appointed to the Board possess the relevant experience, knowledge and skills critical to the Group's business, so as to enhance the core competencies of the Board.

Principle 6: Access to Information

The Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully aware and understand the decisions and actions of Management.

Board papers are prepared for each Board meeting and are normally circulated to the Directors before the meeting. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. Analysts' reports on the Group are also forwarded to the Directors on an on-going basis as and when received by Management.

The Company Secretary or her representative attends all Board and Board Committees meetings. The Company Secretary provides advice, secretarial support and assistance to the Board and ensure adherence to Board procedures and relevant rules and regulations applicable to the Company.

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 Maters

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 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 2011, payable half yearly in arrears.

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

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 2010 is as follows:

	FY2010
Directors	
Pek Ah Tuan	Band II
Pek Lian Guan	Band III
Pay Sim Tee	Band II
Lee It Hoe	Band I
Ong Lay Khiam	Band I
Ang Peng Koon, Patrick	Band I
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.
Bank III: Compensation from S$500,001 per annum and above.

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 2010.

(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.

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 meets 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 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;

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.

The AC is authorised to investigate any matter within its terms of reference and has full access to Management and resources, which are necessary to enable it to discharge its functions properly.

Annually, the AC meets with the external auditors and internal auditors separately, without the presence of Management. This is to review the adequacy of audit arrangements, with particular emphasis on the observations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors.

The AC had reviewed the non-audit services provided by the auditors in FY2010 to determine whether provision of such services would affect the independence or, objectivity of the external auditors. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP 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.

During the financial year under review, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations. Based on the internal auditors' reports submitted by the internal auditors and various controls put in place by Management, the Board is satisfied that there are adequate internal controls in the Group.

Principle 13: Internal Audit
The AC with the assistance of the internal and external auditors, reviews 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 assesses the adequacy of the internal audit function on an annual basis.

(D) Comunication 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 are also 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.

The Directors and key officers are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading period. Where a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

Directors and key officers are also encouraged not to deal in the Company's securities on short-term considerations.

The Company has complied with Rule 1207(18) of the Listing Manual of the SGX-ST.

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 to ensure that they are carried out on normal commercial terms or entered into on arm's length basis.

The aggregate value of interested person transactions entered into during the year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Peck Tiong Choon (Private) Limited	S$818,662	–
Peck Tiong Choon Transport (Pte) Ltd	S$1,305,911	–
Xiamen Huicheng Development Co., Ltd	S$491,428	–

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.

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

As at 23 February 2011, approximately S$14.2 million of IPO proceeds has been utilized.

FINANCIAL CONTENTS

DIRECTORS' REPORT

Year ended 31 December 2010

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 2010.

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)

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 shares 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 and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Pek Ah Tuan		
Tiong Seng Shareholdings Pte. Ltd.		
– ordinary shares		
– interests held	–	10,924
– deemed interests	–	95,944
The Company		
– ordinary shares		
– interests held	–	6,008,200
– deemed interests	–	52,769,200

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Pek Lian Guan		
The Company		
– ordinary shares		
– interests held	1	–
– deemed interests	–	500,000
Ong Lay Khiam		
The Company		
– ordinary shares		
– interests held	–	530,000
Lee It Hoe		
The Company		
– ordinary shares		
– deemed interests	–	508,788,000
Ang Peng Koon, Patrick		
The Company		
– ordinary shares		
– interests held	–	530,000

By virtue of Section 7 of the Act, Pek Ah Tuan, Pek Lian Guan and Lee It Hoe are deemed to have interests in the other subsidiaries of the Company at the beginning of the financial year, or date of appointment if later, and at the end of the financial year.

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, or of related corporations, either at the beginning of the year, or date of appointment if later, or at the end of the financial year.

There are no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2011.

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.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 31 to the financial statements, since the end of the last financial year, 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 or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

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

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

Share award scheme

The Tiong Seng Share Award Scheme (the "Award Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 31 March 2010. The Award Scheme is administered by the Remuneration Committee. Since the commencement of the Award Scheme, no shares of the Company have been awarded pursuant to the Award Scheme.

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 6 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal 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 internal and external auditors;
- quarterly financial information and 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).

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 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

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
23 March 2011

STATEMENT BY DIRECTORS

Year ended 31 December 2010

In our opinion:

(a) the financial statements set out on pages 30 to 104 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group 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
23 March 2011

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2010

Members of the Company
Tiong Seng Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Tiong Seng Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 104.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for 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.

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 about whether the financial statements are free of 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 of the financial statements that give a true and fair view 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
23 March 2011

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	5	30,394	23,064	–	–
Intangible assets	6	3,098	260	–	–
Investment properties	7	21,006	22,688	–	–
Investment in subsidiaries	8	–	–	59,624	–*
Associates and joint ventures	9	10,589	27,105	–	–
Trade and other receivables	10	10,404	9,004	–	–
Other investments	12	6,642	1,162	–	–
Deferred tax assets	13	1,716	2,726	–	–
		83,849	86,009	59,624	–
Current assets					
Inventories	14	933	–	–	–
Construction work-in-progress	15	37,817	14,151	–	–
Development properties	16	206,106	80,236	–	–
Trade and other receivables	10	107,134	127,104	20	–
Amounts due from related parties	11	27,279	27,006	16,976	–
Cash and cash equivalents	17	86,547	32,841	44,565	52
		465,816	281,338	61,561	52
Total assets		549,665	367,347	121,185	52
Equity attributable to owners of the Company					
Share capital	18	154,552	20,000	154,552	–*
Reserves	19	(79,660)	(1,518)	(45,850)	–
Accumulated profits/(losses)		98,394	79,099	7,769	(253)
		173,286	97,581	116,471	(253)
Non-controlling interests		48,766	46,683	–	–
Total equity		222,052	144,264	116,471	(253)
Non-current liabilities					
Trade and other payables	20	6,375	5,463	–	–
Amounts due to related parties	11	–	6,724	–	–
Loans and borrowings	21	43,950	22,032	–	–
Deferred tax liabilities	13	212	885	–	–
		50,537	35,104	–	–
Current liabilities					
Progress billings in excess of construction work-in-progress	15	24,571	2,390	–	–
Trade and other payables	20	199,408	132,788	1,692	224
Amounts due to related parties	11	17,472	12,225	3,022	81
Loans and borrowings	21	13,124	19,467	–	–
Current tax payable		22,501	21,109	–	–
		277,076	187,979	4,714	305
Total liabilities		327,613	223,083	4,714	305
Total equity and liabilities		549,665	367,347	121,185	52

* Less than $1,000.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Revenue			
Revenue from construction contracts	22(a)	226,785	279,086
Revenue from sales of development properties	22(b)	22,885	95,529
Revenue from sales of goods		1,679	–
Rental income		955	1,010
		252,304	375,625
Other income	23(a)	6,304	8,799
Costs of construction		(199,899)	(244,800)
Costs of sales of development properties		(14,684)	(70,198)
Costs of goods sold		(1,459)	–
Depreciation and amortisation		(3,269)	(1,794)
Selling expenses		(2,853)	(1,251)
Staff costs	23(c)	(13,174)	(8,563)
Other expenses	23(b)	(10,658)	(10,437)
		(245,996)	(337,043)
Profit from operating activities		12,612	47,381
Finance income	24	2,006	3,639
Finance expenses	24	(3,682)	(5,475)
Net finance expenses		(1,676)	(1,836)
Share of loss of associates, net of tax		(51)	–
Share of profit of joint ventures, net of tax		16,323	19,983
Profit before income tax		27,208	65,528
Income tax expense	25	(3,737)	(13,884)
Profit for the year		23,471	51,644
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries		(4,508)	(1,872)
Exchange differences on monetary items forming part of net investment in a foreign operation		(16)	(20)
Net change in the fair value of available-for-sale investments		7	73
Income tax on other comprehensive income		(1)	(9)
Other comprehensive income for the year, net of tax		(4,518)	(1,828)
Total comprehensive income for the year		18,953	49,816

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Profit attributable to:			
Equity holders of the Company		21,446	41,402
Non-controlling interests		2,025	10,242
Profit for the year		23,471	51,644
Total comprehensive income attributable to:			
Equity holders of the Company		18,548	40,658
Non-controlling interests		405	9,158
Total comprehensive income for the year		18,953	49,816
Earnings per share			
– Basic and diluted (cents)	26	3.00	7.33

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2010

	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'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 for the year	–	–	–	–	–	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*
Transaction with owners, recognised 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 owners of the Company	–	–	–	–	–	(6,000)	(6,000)	–	(6,000)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	6,862	6,862
Total contributions by and distributions to owners	–	–	–	–	–	(6,000)	(6,000)	6,862	862
Total transactions with owners of the Company	–	–	–	–	*(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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2010

	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010	20,000	–	(189)	976	61	(2,366)	79,099	97,581	46,683	144,264
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	21,446	21,446	2,025	23,471
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	(2,888)	–	(2,888)	(1,620)	(4,508)
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	–	–	(16)	–	(16)	–	(16)
Net change in the fair value of available-for-sale investments	–	–	–	–	7	–	–	7	–	7
Income tax on other comprehensive income	–	–	–	–	(1)	–	–	(1)	–	(1)
Total other comprehensive income/(expense)	–	–	–	–	6	(2,904)	–	(2,898)	(1,620)	(4,518)
Total comprehensive income for the year	–	–	–	–	*6*	*(2,904)*	*21,446*	*18,548*	*405*	*18,953*
Transaction with owners, recognised directly in equity										
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	315	315	(3,233)	(2,918)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	331	331
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	315	315	(2,902)	(2,587)
Contributions by and distributions to owners										
Issue of ordinary shares:										
– Restructuring exercise	79,837	(77,720)	–	–	–	–	–	2,117	–	2,117
– Initial public offering	56,292	–	–	–	–	–	–	56,292	–	56,292
Share issue expenses	(1,577)	–	–	–	–	–	–	(1,577)	–	(1,577)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(2,315)	(2,315)
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	6,889	6,889
Additional capital injection by non-controlling interests	–	–	10	–	–	–	–	10	6	16
Total contributions by and distributions to owners	134,552	(77,720)	10	–	–	–	–	56,842	4,580	61,422
Total transactions with owners of the Company	*134,552*	*(77,720)*	*10*	–	–	–	*315*	*57,157*	*1,678*	*58,835*
Transfer to statutory reserve	–	–	–	2,466	–	–	(2,466)	–	–	–
At 31 December 2010	154,552	(77,720)	(179)	3,442	67	(5,270)	98,394	173,286	48,766	222,052

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Operating activities			
Profit from operating activities		12,612	47,381
Adjustments for:			
Allowance for doubtful trade receivables		–	21
Depreciation and amortisation		8,444	18,778
Gain on disposal of:			
– investment properties	23(a)	(649)	(323)
– property, plant and equipment	23(a)	(187)	(2,428)
– scrap parts and materials	23(a)	(44)	–
Impairment losses on:			
– unquoted equity instruments		–	2,300
– other receivables		33	–
Gain on bargain purchase arising from acquisition of a subsidiary	27(a)	(2,316)	–
Reversal of allowance for impairment losses in unquoted equity instruments		–	(220)
Reversal of provision for claims	23(b)	(791)	(144)
Write off of:			
– bad debts	23(b)	–	12
– intangible assets	23(b)	112	–
– property, plant and equipment	23(b)	–	130
Operating profit before working capital changes		17,214	65,507
Changes in working capital:			
Inventories		(114)	–
Construction work-in-progress		(1,480)	(353)
Development properties		(66,271)	39,353
Trade and other receivables		(20,282)	(18,426)
Balances with related parties (trade)		2,446	(4,623)
Trade and other payables		48,470	(13,879)
Cash generated from operating activities		(20,017)	67,579
Income taxes paid		(7,636)	(4,453)
Income taxes refunded		–	1,195
Net cash (used in)/from operating activities		(27,653)	64,321

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(CONT'D)
Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	27(a)	(377)	–
Balances with related parties (non-trade)		(2,489)	(1,903)
Dividends received from joint ventures		39,501	3,482
Interest received		441	44
Net cash outflow from investment in:			
– associates		–	(78)
– other investments		(5,886)	–
Proceeds from striking off of an associate		–	266
Proceeds from disposal of:			
– investment properties		1,080	1,057
– other investments		391	–
– property, plant and equipment		270	2,107
Purchase of:			
– property, plant and equipment		(11,693)	(5,432)
– intangible asset		(286)	(170)
Other receivables		–	504
Net cash from/(used in) investing activities		20,952	(123)
Cash flows from financing activities			
Balances with related parties (non-trade)		(4,923)	(11,400)
Capital contribution by non-controlling interests		6,889	6,862
Dividends paid to:			
– owners of the Company		(6,000)	–
– non-controlling interests		(49)	(49)
Decrease in deposits pledged		96	1,039
Interest paid		(3,492)	(3,627)
Net proceeds from initial public offering		54,715	–
Payments of finance lease liabilities		(439)	(955)
Proceeds from loans and borrowings		67,344	46,652
Repayments of loans and borrowings		(52,348)	(65,693)
Net cash from/(used in) financing activities		61,793	(27,171)
Net increase in cash and cash equivalents		55,092	37,027
Cash and cash equivalents at beginning of the year		29,921	(6,858)
Effect of exchange rate changes on balances held in foreign currencies		(643)	(248)
Cash and cash equivalents at end of the year	17	84,370	29,921

During the year, a subsidiary of the Group declared dividends to non-controlling interest of $2,315,000, which was fully offset against certain loans due from the non-controlling interest.

The accompanying notes form an integral part of these 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 23 March 2011.

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. 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 financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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.

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

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 Private Limited ("Chang De Investment") for a consideration of US$6,000,000.

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

Pursuant to a sale and purchase agreement dated 18 March 2010, Tiong Seng Contractors acquired the remaining 40% of the share capital of 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 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.

(iii) 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.

2. Restructuring exercise (cont'd)

(iii) Acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings Pte. Ltd. (cont'd)

The purchase consideration 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.

(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 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.

Upon the completion of the Restructuring Exercise, Tiong Seng Shareholdings became the immediate and ultimate holding company of the Company.

As the transactions in the Restructuring Exercise involve parties under common control, the consolidated financial statements of the Group for the financial years ended 31 December 2009 and 2010 have been prepared using the "pooling-of-interest" method as if the acquisition of the combined group by the Company had occurred at 1 January 2009. The historical combined financial statements of Tiong Seng Contractors group acquired by the Company pursuant to the Restructuring Exercise were presented as the Group's consolidated financial statements for 2009 and included for the current period from 1 January 2010 to 17 March 2010. Such a manner of presentation reflects the economic substance of the combining entity as a single economic enterprise, although the legal parent subsidiary relationship was not established until 18 March 2010.

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.

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. Basis of preparation (cont'd)

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 assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and 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 6	–	measurement of recoverable amounts of development costs
Note 7	–	measurement of recoverable amounts of investment properties
Note 9	–	recognition of share of results of joint ventures
Note 12	–	assessment of impairment losses on other investments
Note 16	–	measurement of carrying amounts of completed properties held for sale and properties under development
Note 22	–	revenue and costs recognition from construction contracts and development properties and estimation of allowance for foreseeable losses
Note 25	–	estimation of provisions for current and deferred taxation
Note 27	–	measurement of gain on bargain purchase arising from acquisition of a subsidiary
Note 33(b)	–	assessment of impairment losses on doubtful receivables

3.5 Changes in accounting policies

(i) Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 *Business Combinations (2009)* in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. Basis of preparation (cont'd)

3.5 Changes in accounting policies (cont'd)

(i) Accounting for business combinations (cont'd)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2005 and 1 January 2010

For acquisitions between 1 January 2005 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements (2008)* in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

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, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 3.5(i) for further details.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

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; for this purpose comparatives are restated. The assets and liabilities acquired are recognised in the financial statements at the carrying amounts recognised previously in the Group controlling shareholder's consolidated 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 directly in equity.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. 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.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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 equity-accounted investee, 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.

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

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 consolidated 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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. 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.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustment, are translated to Singapore dollars at exchange rates prevailing at the reporting date. 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.

4. Significant accounting policies (cont'd)

4.2 Foreign currencies (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("FCTR") in equity. If the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or 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/other expenses in profit or loss on the date of disposal.

4. Significant accounting policies (cont'd)

4.3 Property, plant and equipment (cont'd)

Depreciation

Property under construction are not depreciated. Depreciation on other property, plant and equipment is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 for the current and comparative years are as follows:

Leasehold land	Over the term of the lease of 60 years
Leasehold properties	Over the term of the leases of between 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 at the end of each reporting period and adjusted as appropriate.

4.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3.5(i) for further details.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

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. The estimated useful lives for the current and comparative periods are as follows:

Development costs	5 to 10 years
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 at the end of each reporting period and adjusted as appropriate.

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.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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 of investment properties.

4. Significant accounting policies (cont'd)

4.5 Investment properties (cont'd)

Depreciation (cont'd)

The estimated useful lives are as follows:

Freehold properties	50 years
Leasehold properties	Over the term of the leases of between 35 to 99 years or 50 years, if shorter
Development properties	35 years

Depreciation methods and useful lives are reviewed at the end of each reporting period and adjusted as appropriate.

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 assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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 classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale. It would also prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

4. Significant accounting policies (cont'd)

4.6 Financial instruments (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable 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 cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 4.7) and foreign currency differences on available-for-sale monetary items (see note 4.2), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Where an investment in equity securities classified as available-for-sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less imparment losses.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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 classifies non-derivative financial liabilities into the other financial liabilities category. 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.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

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.

4. Significant accounting policies (cont'd)

4.6 Financial instruments (cont'd)

Share capital

Ordinary shares

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.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specific payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for in the Company's financial statements as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

4.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period 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 (including equity securities) 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, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or 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.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar 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.

4. Significant accounting policies (cont'd)

4.7 Impairment (cont'd)

Loans and receivables and held-to-maturity investment securities (cont'd)

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to 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 or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax 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 and intangible assets, the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. 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 CGU. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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.

4. Significant accounting policies (cont'd)

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. Construction cost includes all expenditure related directly to specific projects 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.

Construction work-in-progress is presented in the statement of financial position as a current asset under "construction work-in-progress" for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as a current liability under "progress billings in excess of construction work-in-progress", as applicable.

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 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 statement of financial position. 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 statement of financial position.

4. Significant accounting policies (cont'd)

4.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 liability 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. The unwinding of the discount is recognised as finance cost.

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, the leased asset is measured at an amount equal to 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding 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.

4. Significant accounting policies (cont'd)

4.13 Leases (cont'd)

When entities within the Group are lessees of an operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

4.14 Revenue recognition

Construction contracts

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. 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.

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 fulfillment of the following criteria:

(a) receipt of completion certificate;

(b) financial contracts are signed and registered with housing authorities in the relevant province in the People's Republic of China;

(c) receipt of 100% of the sales amount under contract; and

(d) keys are handed over to purchasers of the unit.

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

4. Significant accounting policies (cont'd)

4.14 Revenue recognition (cont'd)

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, over the term of the lease. Contingent rentals are recognised as income in the period which they are earned.

4.15 Government grants

Business tax incentive

Cash grants received from the government to encourage city re-development are recognised as income upon receipt.

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 in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally 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. Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

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.

4.17 Income tax

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 or receivable on the taxable income or loss 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.

4. Significant accounting policies (cont'd)

4.17 Income tax (cont'd)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

4.19 Segment reporting

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. All operating segments' operating results are reviewed regularly by the Group's chief executive officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

5. Property, plant and equipment

Group	Note	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Cost									
At 1 January 2009		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)
Effect 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
Additions		–	3,500	5,462	37	911	963	3,611	14,484
Disposals/Write-off		–	–	(1,230)	–	(70)	(44)	–	(1,344)
Acquisition through business combination	27	–	–	–	–	575	6	–	581
Effect of movements in exchange rates		–	(30)	(143)	–	(9)	(89)	–	(271)
At 31 December 2010		5,557	14,016	26,924	32,173	2,895	5,626	3,611	90,802
Accumulated depreciation and impairment losses									
At 1 January 2009		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)
Effect 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
Depreciation charge for the year		105	274	2,608	3,559	405	599	–	7,550
Disposals/Write-off		–	–	(1,209)	–	(26)	(26)	–	(1,261)
Effect of movements in exchange rates		–	(6)	(102)	–	(10)	(51)	–	(169)
At 31 December 2010		341	4,334	19,212	31,821	1,422	3,278	–	60,408
Carrying amounts									
At 1 January 2009		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
At 31 December 2010		5,216	9,682	7,712	352	1,473	2,348	3,611	30,394

5. Property, plant and equipment (cont'd)

	Group 2010 $'000	Group 2009 $'000
Depreciation for the year	7,550	18,061
Depreciation included in construction work-in-progress	(5,175)	(16,984)
Depreciation charged to profit or loss	2,375	1,077

Assets held under finance lease

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

	Group 2010 $'000	Group 2009 $'000
Plant and machinery	147	1,142
Motor vehicles	478	1,222
Furniture, equipment and fittings	–	13
	625	2,377

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.

6. Intangible assets

Group	Note	Development costs $'000	Licence fee $'000	Computer software $'000	Total $'000
Cost					
At 1 January 2009		–	–	–	–
Additions		–	258	13	271
Effect of movements in exchange rates		–	–	(1)	(1)
At 31 December 2009		–	258	12	270
Acquisition through business combination	27	2,912	–	–	2,912
Additions		203	5	78	286
Disposals/Write off		(112)	–	–	(112)
Effect of movement in exchange rates		(6)	–	(1)	(7)
At 31 December 2010		2,997	263	89	3,349
Accumulated amortisation					
At 1 January 2009		–	–	–	–
Amortisation		–	9	1	10
At 31 December 2009		–	9	1	10
Amortisation		201	26	4	231
Effect of movements in exchange rates		10	–	–	10
At 31 December 2010		211	35	5	251
Carrying amounts					
At 1 January 2009		–	–	–	–
At 31 December 2009		–	249	11	260
At 31 December 2010		2,786	228	84	3,098

Amortisation

The amortisation of intangible assets is recognised in cost of sales as inventory is sold; the amortisation of other intangible assets and licence fees is included in cost of sales.

Impairment of development costs

Development costs have been allocated to the Sales of goods CGU, which is one of the Group's reportable segment.

The recoverable amount of the CGU was estimated based on its value in use using a pre-tax discount rate of 8.45%. Cash flows were projected based on past experiences, actual operating results and the financial budgets approved by management for five years and a revenue growth rate of 1.05% per annum. Terminal value was estimated based on the fifth year's expected cash flows and a long-term growth rate into perpetuity, which is determined based on the annual inflation rate of 0.2% for the country in which the CGU operates. The recoverable amount was estimated to be higher than the carrying amount of the CGU and no impairment was required.

7. Investment properties

	Group $'000
Cost	
At 1 January 2009	26,211
Transferred to non-current asset classified as held for sale	(641)
Disposals	(124)
Effect of movements in exchange rates	(574)
At 31 December 2009	24,872
Additions	380
Disposals	(452)
Effect of movements in exchange rates	(1,111)
At 31 December 2010	23,689
Accumulated depreciation and impairment losses	
At 1 January 2009	1,588
Depreciation charge for the year	707
Disposals	(9)
Transferred to non-current assets classified as held for sale	(44)
Effect of movements in exchange rates	(58)
At 31 December 2009	2,184
Depreciation charge for the year	663
Disposals	(51)
Effect of movements in exchange rates	(113)
At 31 December 2010	2,683
Carrying amounts	
At 1 January 2009	24,623
At 31 December 2009	22,688
At 31 December 2010	21,006

The fair value of the investment properties as at 31 December 2010 is $27,608,000 (2009: $34,529,000).

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

7. Investment properties (cont'd)

Management had assessed the recoverable amounts of the investment properties based on fair value, which are based on recent market transactions for similar properties in the same locations.

The Group's major property is set out as follows:

Description	Site Area (sq. metre)	Tenure
Wenchang Broadway, a shopping centre situated at Yangzhou, PRC	18,000	Expires on 14 October 2041 for a site area of approximately 3,800 sq. metre.
		Expires on 26 March 2044 for a site area of approximately 14,200 sq. metre.

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.

Minimum lease receivables

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

	Group	
	2010 $'000	2009 $'000
Within one year	371	296
After one year but within five years	14	114
After five years	–	–
	385	410

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

	Company	
	2010 $'000	2009 $'000
Unquoted shares in subsidiaries, at cost	59,624	–*

* Less than $1,000.

8. Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2010 %	2009 %
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
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[10]	Interior design services and renovation works	Singapore	–	100
Tiong Seng Properties (Private) Limited[1]	Investment holding	Singapore	100	100

8. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2010 %	2009 %
Cobiax Technologies AG[6] and its subsidiaries:	Construction technology company specialising in bi-axial lightweight slab system	Switzerland	90	–
Cobiax Technologies GmbH (Austria)[6]	Construction technology company specialising in bi-axial lightweight slab system	Republic of Austria	90	–
Cobiax Technologies Limited (UK)[6]	Construction technology company specialising in bi-axial lightweight slab system	United Kingdom	90	–
Cobiax Technologies GmbH (Germany)[6]	Construction technology company specialising in bi-axial lightweight slab system	Federal Republic of Germany	90	–
Chang De Investment[1] and its subsidiaries:	Investment holding	Singapore	100	60
Suzhou Huisheng[7] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100
Jiangsu Huiyang Construction Development Co., Ltd.[8] and its subsidiary:	Property development	PRC	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[8]	Commercial property management and real estate mediatory services	PRC	55	55
Tianjin Zizhulin Development Co., Ltd. [9] ("Tianjin Zizhulin") and its subsidiaries:	Property development	PRC	80	48
Tianjin Tianmen Jinwan Property Development Co., Ltd. [9] ("Tianjin Tianmen Jinwan")	Property development	PRC	50	34

8. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2010 %	2009 %
Tianjin Zizhulin Investment Co., Ltd.[9] ("Tianjin Zizhulin Investment") (formerly known as Tianjin Zizhulin Chuangzhan Investment Co., Ltd.) and its subsidiaries:	Investment holding	PRC	66	31
Cangzhou City Huashi Real Estate Development Co., Ltd.[9] ("Cangzhou Huashi")	Property development	PRC	41	19
Tianjin Zizhulin Guangang Property Development Co., Ltd.[9] ("Guangang") (formerly known as Tianjin Zizhulin Nanxi Investment Co., Ltd.)	Investment in real estate development	PRC	59	36
Tiong Seng (Tianjin) Project Management and Consultancy Co., Ltd.[9] ("Chang Sheng")	Construction project management	PRC	83	31

1 Audited by KPMG LLP
2 Audited by HLB Niugini, PNG
3 Audited by Ekpanya Consulting Co., Ltd., Laos
4 Audited by Fok Oi Leng & Co
5 Audited by Chui & Kwok, Hong Kong
6 Audited by KPMG AG, Switzerland
7 Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., PRC
8 Audited by Yangzhou Huicheng Union Certified Public Accountants, PRC
9 Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC
10 Finique Design Private Limited was struck off the Register of Companies on 5 October 2010

9. Associates and joint ventures

	Group 2010 $'000	2009 $'000
Investments in associates	21	74
Investments in joint ventures	10,568	27,031
	10,589	27,105

9. Associates and joint ventures (cont'd)

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity interest held by the Group 2010 %	2009 %
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	45

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 consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Country of incorporation/ operation	Effective equity interest held by the Group 2010 %	2009 %
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]	Building construction	Singapore	30	30
Kajima-Tiong Seng Joint Venture (partnership)[3]	Building construction	Singapore	40	40
Kajima-Tiong Seng Joint Venture (partnership)[3]	Construction works	Singapore	30	30
GS E&C – TSC JV (partnership)[4]	Construction works	Singapore	30	30
Samsung-Tiong Seng Joint Venture (partnership)[4]	Building construction	Singapore	45	–

1. Audited by RSM Chio Lim Stone Forest
2. Audited by Ramasamy Koteswara Rao & Co
3. Audited by Smalley and Co.
4. Audited by KPMG LLP

9. Associates and joint ventures (cont'd)

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:

	2010 $'000	2009 $'000
Assets and liabilities		
Total assets	157	301
Total liabilities	(373)	(375)
Results		
Revenue	180	134
Expenses	(329)	(169)
Loss after taxation	(149)	(35)

There were no capital commitments and contingent liabilities as at 31 December 2009 and 2010.

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

	2010 $'000	2009 $'000
Assets and liabilities		
Total assets	98,953	130,120
Total liabilities	(14,807)	(103,089)
Results		
Revenue	141,208	335,643
Expenses	(121,542)	(311,567)
Profit before taxation	19,666	24,076
Income tax	(3,343)	(4,093)
Profit after taxation	16,323	19,983

There were no capital commitments and contingent liabilities as at 31 December 2009 and 2010.

The Group's share of the results of the joint ventures included in the consolidated statement of comprehensive income is based on the unaudited financial statements of the joint ventures for the financial years ended 31 December 2010 and 2009.

Details of significant judgement relating to revenue and cost recognition of construction contract are set out in note 22(a).

10. Trade and other receivables

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current					
Retention monies on construction contracts		10,404	9,004	–	–
Current					
Trade receivables		27,052	17,713	–	–
Less: Allowance for doubtful receivables	33(b)	(111)	(80)	–	–
		26,941	17,633	–	–
Advances to suppliers:					
– trade		332	17	–	–
– non-trade		163	–	–	–
Accrued receivables		34,058	30,080	–	–
Retention monies on construction contracts		35,128	30,118	–	–
Deposits and prepayments		4,855	1,773	20	–
Deposit placed for acquisition of land use rights		–	42,611	–	–
Deposit placed for joint development project		977	2,059	–	–
Deposit pledged to a trust fund		977	–	–	–
Prepayment for resettlement costs		82	562	–	–
Tax recoverable		–	29	–	–
Tax prepayments		701	–	–	–
Other receivables		2,920	2,222	–	–
		107,134	127,104	20	–
Total		117,538	136,108	20	–

Deposit placed for acquisition of land use rights related to the purchase of a piece of land in Dagang, PRC. The deposit was capitalised as development properties during the year.

Deposit placed for joint development project relates to a refundable deposit placed for a joint development project to develop a piece of land with an external party in Dagang, PRC. The deposit was partially refunded during the year.

Deposit pledged to a trust fund relates to deposits pledged to Northen International Trust & Investment Co., Ltd. ("NIT") for the setting up of a trust fund by NIT for the purpose of providing loans to a subsidiary, Guangang (see notes 12 and 21).

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

11. Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Trade amounts due from:				
– an affiliated corporation	149	–	–	–
– joint ventures	4,154	3,775	–	–
– non-controlling interests	2,061	–	–	–
Retention monies due from joint ventures	104	597	–	–
	6,468	4,372	–	–
Non-trade amounts due from:				
– holding company	209	–	–	–
– affiliated corporations (net)	–	156	–	–
– joint ventures	4,615	2,501	–	–
– non-controlling interests	14,031	17,671	–	–
– a subsidiary	–	–	2,976	–
	18,855	20,328	2,976	–
Dividend receivable from a subsidiary	–	–	14,000	–
Loans to a non-controlling interest	1,956	2,306	–	–
	1,956	2,306	14,000	–
Total amounts due from related parties	27,279	27,006	16,976	–

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 holding company, affiliated corporations, joint ventures and a subsidiary are unsecured, interest-free and repayable on demand.

The non-trade amounts due from non-controlling interests are unsecured, interest-free and repayable on demand except for amounts of $13,613,000 (2009: $16,551,000) which are secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests as at 31 December 2010.

The loans to a non-controlling interest are secured, interest-free and are repayable within a year.

11. Amounts due from/(to) related parties (cont'd)

Amounts due to related parties

	Group		Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Non-current				
Loans from:				
– an affiliated corporation	–	(2,676)	–	–
– non-controlling interests	–	(4,048)	–	–
Total non-current amounts due to related parties	–	(6,724)	–	–
Current				
Trade amounts due to:				
– a corporate shareholder	(97)	–	–	–
– an affiliated corporation	(459)	(419)	–	–
	(556)	(419)	–	–
Non-trade amounts due to:				
– a corporate shareholder	–	(542)	–	–
– non-controlling interests	(5,418)	(3,943)	–	–
– an affiliated corporation	(222)	(728)	–	(81)
– a subsidiary	–	–	(3,022)	–
– joint ventures	(4,301)	–	–	–
	(9,941)	(5,213)	(3,022)	(81)
Loans from:				
– a corporate shareholder of a subsidiary which is also an affiliated corporation	–	(2,993)	–	–
– an affiliated corporation	(2,542)	(3,273)	–	–
– non-controlling interests	(4,433)	(327)	–	–
	(6,975)	(6,593)	–	–
Total current amounts due to related parties	(17,472)	(12,225)	(3,022)	(81)
Total amounts due to related parties	(17,472)	(18,949)	(3,022)	(81)

The non-trade amounts due to a corporate shareholder was unsecured and interest-free. The amount was fully repaid during the year.

The non-trade amounts due to non-controlling interests include the following amounts:

(i) $2,933,000 (2009: $3,943,000) relating to the outstanding consideration payable for the acquisition of Cangzhou Huashi, which is unsecured, interest-free and repayable on demand; and

(ii) $2,346,000 (2009: Nil) relating to advances from another non-controlling interest, which is interest-bearing at an effective rate of 5.1% (2009: Nil) per annum and repayable within six months.

The non-trade amounts due to an affiliated corporation, joint ventures and a subsidiary are unsecured, interest-free and repayable on demand.

The loans from an affiliated corporation totalling $2,542,000 (2009: $5,949,000) are unsecured and bear interest at an effective rate of 8% (2009: 8%) per annum. In 2010, approximately $3,407,000 of the loans were repaid to the affiliated corporation.

The loans from non-controlling interests are unsecured, interest-free and repayable on demand.

12. Other investments

	Group	
	2010 $'000	2009 $'000
Held-to-maturity		
Other investment, at cost	196	–
Club membership, at cost	285	285
	481	285
Available-for-sale financial assets		
Quoted equity investments, at fair value	87	81
Unquoted equity investments, at cost	10,004	4,726
Impairment losses	(3,930)	(3,930)
	6,074	796
Total	6,642	1,162

Unquoted equity securities are measured at cost less impairment losses as the fair values cannot be determined reliably. The value of the unquoted equity securities are dependent on the ultimate method of disposal. The disposal could be effected, for example, by way of a private transaction to strategic buyers or other financial parties, or via a public offering. The Group does not have any definitive plans to dispose these interests. As such, the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range of reasonable inputs are not sufficiently reliable to determine a fair value.

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

	2010 $'000	2009 $'000
At 1 January	3,930	1,850
Impairment loss:		
– recognised	–	2,300
– reversed	–	(220)
At 31 December	3,930	3,930

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 2009 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2009 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2010 $'000
Group					
Deferred tax assets					
Property, plant and equipment	–	623	623	(623)	–
Investment properties	–	470	470	(46)	424
Other receivables	–	6	6	(6)	–
Profits on uncompleted projects	–	–	–	272	272
Trade and other payables	80	8	88	2	90
Provision for foreseeable losses	–	884	884	(884)	–
Estimated benefit on loss carry forward	923	(715)	208	1,801	2,009
Unutilised investment allowance	146	172	318	(318)	–
	1,149	1,448	2,597	198	2,795
Deferred tax liabilities					
Property, plant and equipment	(364)	364	–	(336)	(336)
Other receivables	–	(241)	(241)	241	–
Profits on uncompleted projects	(412)	412	–	(165)	(165)
Trade and other payables	–	(46)	(46)	(247)	(293)
Unremitted earnings	(498)	29	(469)	(28)	(497)
	(1,274)	518	(756)	(535)	(1,291)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset 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:

	Group 2010 $'000	Group 2009 $'000
Deferred tax assets	1,716	2,726
Deferred tax liabilities	(212)	(885)

13. Deferred tax assets and liabilities (cont'd)

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

	Group	
	2010 $'000	2009 $'000
Deductible temporary differences	–	4,582
Tax losses	13,528	7,586
	13,528	12,168

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 $7,332,000 (2009: $7,772,000) of certain overseas subsidiaries for the year ended 31 December 2010 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. Inventories

	Group	
	2010 $'000	2009 $'000
Raw material	933	–

In 2010, changes in raw materials recognised as cost of sales amounted to $1,312,000 (2009: Nil).

15. Construction work-in-progress

	Group	
	2010 $'000	2009 $'000
Costs incurred	753,801	554,353
Attributable profits and losses	67,183	58,950
	820,984	613,303
Allowance for foreseeable losses	–	(5,200)
	820,984	608,103
Progress billings	(807,738)	(596,342)
	13,246	11,761

15. Construction work-in-progress (cont'd)

	Group	
	2010 $'000	2009 $'000
Represented by:		
Construction work-in-progress	37,817	14,151
Progress billings in excess of construction work-in-progress	(24,571)	(2,390)
	13,246	11,761

The followings were capitalised in construction costs during the year:

	Group	
	2010 $'000	2009 $'000
Depreciation of property, plant and equipment	5,175	16,984
Staff costs	25,815	20,993
	30,990	37,977

16. Development properties

	Group	
	2010 $'000	2009 $'000
Completed properties held for sale	5,688	18,647
Properties under development	200,418	61,589
	206,106	80,236
Interest expense capitalised in development properties	5,198	3,825

All development properties are located in the PRC.

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.

In 2009, certain development properties were 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 non-controlling interest as disclosed in notes 21 and 30 respectively. The loan was repaid by the non-controlling interest during the year.

16. 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 2009 and 2010	Commercial/integrated commercial use	14 October 2041 to 26 August 2054
At 31 December 2009 and 2010	Residential use	9 April 2076 to 25 March 2077

17. Cash and cash equivalents

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Cash at banks and in hand		77,748	31,506	44,565	52
Fixed deposits		8,799	1,335	–	–
		86,547	32,841	44,565	52
Bank overdrafts	21	(977)	(1,585)		
		85,570	31,256		
Deposits pledged		(1,200)	(1,335)		
Cash and cash equivalents in the consolidated statement of cash flows		84,370	29,921		

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 0.55% (2009: 0.17%) per annum.

The deposits were pledged as security to obtain credit facilities.

18. Share capital

	Company 2010 No of shares	Company 2010 $'000	Company 2009 No of shares	Company 2009 $'000
Issued and fully paid ordinary, with no par value				
At 1 January	1	–*	1	–*
Issue of shares:				
– Restructuring exercise	1,027,264	99,836	–	–
– Sub-division of shares	563,968,485	–		
– Initial Public Offering	201,044,000	54,716	–	–
	766,039,750	154,552	1	–*

* Less than $1,000.

As set out in note 2, pursuant to the Restructuring Exercise, the Company acquired the entire issued share capital of Tiong Seng Contractors on 18 March 2010 by alloting 1,027,264 ordinary shares amounting to $99.8 million to Tiong Seng Shareholdings and its nominees, and transfering 1 share in the capital of the Company from Pek Lian Guan to Pek Ah Tuan.

18. Share capital (cont'd)

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.

On 7 April 2010, the Company offered and issued a total of 201,044,000 new ordinary shares in the Initial Public Offering at an offering price of $0.28 per share.

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 owners of the Company excluding non-controlling interests. 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 non-controlling interests. The return on capital in 2010 was 12.4% (2009: 42.4%). 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.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group.

	Group	
	2010	2009
	$'000	$'000
1.06 cents per ordinary share	–	6,000

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2010	2009
	$'000	$'000
1 cent per ordinary share (2009: Nil)	7,660	–

19. Reserves

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Merger reserve	(77,720)	–	(45,850)	–
Capital reserve	(179)	(189)	–	–
Statutory reserve	3,442	976	–	–
Fair value reserve	67	61	–	–
Foreign currency translation reserve	(5,270)	(2,366)	–	–
	(79,660)	(1,518)	(45,850)	–

Merger reserve

Group

The merger reserve represents the difference between the cost of the acquisition for the restructuring as described in note 2, and the value of share capital of the entities acquired.

Company

The merger reserve presented in the Company's statement of financial position at 31 December 2010 represents the difference between the cost of acquisition of the Tiong Seng Contractors combined group as described in note 2, recorded in accordance with FRS 27.38B, and the paid up capital of the Company issued for the acquisition.

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.

19. Reserves (cont'd)

Statutory reserve (cont'd)

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.

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current				
Retention sums payable	6,375	5,463	–	–
Current				
Trade payables	16,261	16,726	–	–
Accrued trade payables	87,719	51,794	–	–
Accrued operating expenses and other payables	28,411	10,755	1,692	224
Provision for claims	–	791	–	–
Receipts in advance	50,318	31,630	–	–
Retention sums payable	16,699	15,092	–	–
Dividend payable	–	6,000	–	–
	199,408	132,788	1,692	224
Total	205,783	138,251	1,692	224

Included in receipts in advance as at 31 December 2010 were instalments of sales proceeds received from buyers of $49,551,000 (2009: $31,443,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

Included in accrued operating expenses and other payables are accruals for resettlement costs of $16,026,000 (2009: Nil).

20. Trade and other payables (cont'd)

The movements in provisions for claims are as follows:

	Group $'000
At 1 January 2009	935
Provisions reversed	(144)
At 31 December 2009	791
Provisions reversed	(791)
At 31 December 2010	–

In 2009, 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 was made as at 31 December 2009.

On 14 December 2010, the Arbitrator dismissed the claims lodged by the third party in their entirety. Accordingly, the provision made was reversed during the year.

21. Loans and borrowings

	Note	Group 2010 $'000	Group 2009 $'000
Non-current			
Secured bank loans		4,764	7,440
Secured loan from a financial institution		39,110	14,410
Finance lease liabilities		76	182
		43,950	22,032
Current			
Secured bank overdrafts	17	977	1,585
Secured bank loans		12,021	17,423
Finance lease liabilities		126	459
		13,124	19,467
Total loans and borrowings		57,074	41,499
Maturities of liabilities (excluding financial lease liabilities)			
Within 1 year		12,998	19,008
After 1 year but within 5 years		41,764	21,850
After 5 years		2,110	–
		56,872	40,858

21. Loans and borrowings (cont'd)

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

	Group	
	2010 $'000	2009 $'000
Carrying amounts of assets:		
Leasehold land	5,216	5,321
Leasehold properties	9,231	5,984
Investment properties	906	944
Development properties	19,281	20,297
Plant and machinery	904	3,556
Deposits pledged	1,200	1,335
Total	36,738	37,437

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 agreements (the "First Agreements"), Tianjin Zizhulin and Suzhou Huisheng transferred their collective interest, amounting to 60.6% of the entire equity interest in Tianjin Tianmen Jinwan, to NIT as a form of security for the loan amounting to RMB72,000,000 (approximately $14,800,000) from NIT to Tianjin Zizhulin Investment. The terms and conditions of the First Agreements provide that NIT 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 NIT on or before 23 March 2011. Notwithstanding this, Tianjin Tianmen Jinwan remains as a subsidiary of the Group. The loan was fully repaid in 2010.

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements (the "Second Agreements"), the shareholders of Guangang pledged their equity interests as well as the shareholders' loan of RMB62,000,000 (approximately $12,763,000) to NIT as a form of security for loans up to RMB300,000,000 (approximately $61,755,000) to Guangang for a tenure of 30 months. The terms and conditions of the Second Agreements provides that NIT will transfer the shares back to the shareholders at no consideration upon the repayments of loan and relevant interest payable by Guangang to NIT on or before 12 May 2013. Notwithstanding this, Guangang remained as a subsidiary of the Group.

21. Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

Group

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 31 December 2010				
Secured bank loans	RMB	6.98 – 7.32	2011	6,845
Secured bank loans	SGD	1.32 – 5.25	2011 – 2030	9,940
Secured bank overdrafts	CHF	1.00	2011	977
Secured loan from a financial institution	RMB	15.00	2012	39,110
Finance lease liabilities	SGD	2.01 – 9.53	2011 – 2014	202
Total loans and borrowings				57,074
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 bank overdrafts	SGD	5.00 – 6.50	2010	1,585
Secured loan from a financial institution	RMB	12.50 – 16.50	2011	14,410
Finance lease liabilities	SGD	2.30 – 5.81	2010 – 2012	641
Total loans and borrowings				41,499

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2010			
Within 1 year	126	9	135
After 1 year but within 5 years	76	7	83
After 5 years	–	–	–
	202	16	218
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

22. Revenue

(a) Revenue and costs recognition from construction contracts

The Group recognises contract revenue based on the stage of completion method. 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.

(b) Revenue from sales of development properties

The Group has recognised revenue from the sale of development properties when the risks and rewards of ownership have been transferred to the buyer. The assessment of the transfer of significant risks and rewards 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.

23. Profit before income tax

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

	Note	Group 2010 $'000	Group 2009 $'000
(a) Other income			
Business tax incentive		1,546	3,128
Fees from management of properties		258	254
Gain on disposal of:			
– investment properties		649	323
– property, plant and equipment		187	2,428
– spare parts and materials		44	60
Gain from sales of parking lots		613	–
Government grant – jobs credit scheme		175	751
Provision of demolition services and miscellaneous works		130	536
Provision of project administrative services		–	826
Gain on bargain purchase arising from acquisition of a subsidiary	27(a)	2,316	–
Others		386	493
		6,304	8,799

23. Profit before income tax (cont'd)

	Note	Group 2010 $'000	Group 2009 $'000
(b) Other expenses includes			
Allowance for doubtful trade receivables	33(b)	–	21
Direct operating expenses arising from rental of investment properties, plant and machinery		265	306
Impairment losses on:			
– unquoted equity investments		–	2,300
– other investments		33	–
Initial public offering expenses*		599	1,186
Operating lease expenses		726	608
Reversal of allowance for impairment losses in unquoted equity investment		–	(220)
Reversal of provision for claims		(791)	(144)
Write off of:			
– bad debts		–	12
– intangible assets		112	–
– property, plant and equipment		–	130
Non-audit fees paid to			
– auditors of the Company		74	–
– other auditors		11	–
(c) Staff costs			
Wages and salaries for staff		36,090	27,135
Contribution to defined contribution plans		1,697	1,482
Increase in liability for short-term accumulating compensated absence		9	43
Others		1,193	896
Staff costs for the year		38,989	29,556
The staff costs charged to profit or loss are arrived at as follows:			
Staff costs for the year		38,989	29,556
Staff costs capitalised in construction work-in-progress	15	(25,815)	(20,993)
Staff costs charged to profit or loss		13,174	8,563

* Included in initial public offering expenses in 2009 was non-audit fees of $605,000 paid to auditors of the Company for services rendered as Independent Reporting Accountants in connection with the initial public offering of the Company.

24. Finance income and expenses

	Group 2010 $'000	2009 $'000
Recognised in profit or loss		
Dividend income from available-for-sale financial assets	3	31
Interest income on:		
– cash and cash equivalents	436	44
– loan to a non-controlling interest	70	615
– other investment	2	–
Accretion of discount implicit in retention sum receivables	994	2,070
Implicit interest in retention sum payables	501	879
Finance income	2,006	3,639
Interest expense on:		
– bank loans	(585)	(1,647)
– bank overdrafts	(42)	(110)
– finance leases	(20)	(53)
– loan from a financial institution	(248)	(868)
– loan from a corporate shareholder	–	(253)
– loan from business associates	(228)	(443)
– notes payable	(20)	–
Accretion of implicit interest in retention sum payables	(643)	(784)
Discount implicit in retention sum receivables	(934)	(985)
Exchange loss (net)	(962)	(332)
Finance expenses	(3,682)	(5,475)
Net finance expenses recognised in profit or loss	(1,676)	(1,836)
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	508	659
– Total interest expenses on financial liabilities	(1,143)	(3,374)

25. Income tax expense

	Group 2010 $'000	2009 $'000
Income tax recognised in profit or loss		
Current tax		
Current year	3,125	10,010
Land appreciation tax	1,795	4,369
Adjustment for prior years	(1,520)	1,471
	3,400	15,850
Deferred tax		
Origination and reversal of temporary differences	592	(1,090)
Effect of reduction in tax rates	–	(182)
Recognition of previously unrecognised deferred tax assets	–	(269)
Adjustment for prior years	(255)	(425)
	337	(1,966)
Total income tax expense	3,737	13,884
Reconciliation of effective tax rate		
Profit before income tax	27,208	65,528
Less: Share of profit of associates and joint ventures, net of tax	(16,272)	(19,983)
Profit before income tax excluding share of results of associates and joint ventures	10,936	45,545
Income tax expenses using domestic rates applicable to different jurisdictions	1,514	10,010
Effect of reduction in tax rates	–	(182)
Expenses not deductible for tax purposes	1,576	915
Income not subject to tax	(786)	(582)
Deferred tax benefits not recognised	1,486	563
Tax incentives	(111)	(806)
Effect of land appreciation tax	1,346	3,277
(Over)/under provision in prior years:		
– current tax	(1,520)	1,471
– deferred tax	(255)	(425)
Recognition of previously unrecognised deferred tax assets	–	(269)
Others	487	(88)
	3,737	13,884

25. Income tax expense (cont'd)

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.

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 2009, investment allowance amounted to $4,741,000 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.

In 2010, productivity and innovation tax credit amounted to $600,000 was granted to a subsidiary.

26. Earnings per share

	Group	
	2010 **$'000**	**2009** **$'000**
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	21,446	41,402

	2010 **Number** **of shares** **'000**	**2009** **Number** **of shares** **'000**
Ordinary shares at 1 January	564,996	564,996
Effects of shares issued in April 2010	150,783	–
Weighted average number of ordinary shares at 31 December	715,779	564,996

26. Earnings per share (cont'd)

For comparative purposes, the number of shares as at 31 December 2009 comprises the shares of the Company and its subsidiaries. In calculating earnings per share for 2009, the number of shares in issue is on the basis of the completion of the Restructuring exercise as set out in note 2, which has been applied retrospectively in presenting earnings per share information for the year ended 31 December 2009.

There were no dilutive potential ordinary shares in existence for the financial year ended 31 December 2010 (2009: Nil).

27. Acquisitions of a subsidiary and non-controlling interest

(a) Acquisition of a subsidiary

In August 2010, the Group obtained control of Cobiax Technologies AG ("Cobiax") and its subsidiaries ("Cobiax Group"), which are principally engaged in the trading of a specialised patented construction material, by acquiring 90% of the shares and voting interests in Cobiax.

Cobiax Group contributed revenue of $1,879,000 and loss of $840,000 to the Group's results during the year. If the acquisition had occurred on 1 January 2010, management estimates that revenue and loss for the year would have been $5.6 million and $2.5 million respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

The following summarises the major classes of consideration transferred, and the recognised amounts of the assets acquired and liabilities assumed at the acquisition date:

	$'000
Consideration transferred	
Cash	665
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	581
Intangible assets	2,912
Deferred tax assets	931
Inventories	787
Trade receivables and other receivables	1,822
Cash and cash equivalents	288
Loans and borrowings	(198)
Trade and other payables	(3,811)
Total identifiable net assets	3,312

27 Acquisitions of a subsidiary and non-controlling interest (cont'd)

(a) Acquisition of a subsidiary (cont'd)

The fair values of the identifiable assets and liabilities have been determined on the following basis:

- The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of furniture, equipment and fittings and motor vehicles is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

- The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

- The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of acquisition.

- The fair value of non-derivative financial liabilities, which includes loans and borrowings and trade and other payables, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the date of acquisition.

The following fair values have been determined on a provisional basis:

- The fair value of intangible assets (development costs) acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the goods of the acquired subsidiary.

Bargain purchase gain

As the previous shareholder was actively looking to exit their investment in Cobiax and to obtain additional funds for further developments, the Group managed to acquire the 90% stake at a consideration of $665,000.

Bargain purchase gain was recognised as a result of the acquisition as follows:

	$'000
Total consideration transferred	665
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	331
Fair value of identifiable net assets	(3,312)
Gain on bargain purchase recognised in profit or loss	(2,316)

27 Acquisitions of a subsidiary and non-controlling interest (cont'd)

(b) Increase in equity interest of subsidiaries by injection of capital

In November 2010, the Group injected a total cash consideration of RMB50,000,000 (approximately $9,750,000) for 9% equity interest in a subsidiary, Guangang, out of which 2% was transferred from a non-controlling interest for a cash consideration of $840,000, thereby increasing its ownership from 64% to 73%.

In November 2010, the Group injected a total cash consideration of RMB2,000,000 (approximately $391,000) to subscribe for 17% equity interest in a subsidiary, Chang Sheng, thereby increasing its effective ownership from 65% to 82%.

The carrying amounts of Guangang and Chang Sheng's net assets in the Group's financial statements prior to the increase in equity interest was $46,607,000 and $220,000 respectively. As a result of the additional investments, the Group recognised a decrease in non-controlling interests of $315,000.

28. Operating segments

The Group has four (2009: 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 (the chief operating decision maker) 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 developers 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.
- Sales of goods: Relates to selling of construction technology.

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.

28. Operating segments (cont'd)

Information about reportable segments

	Construction $'000	Property development $'000	Rental $'000	Sales of goods $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2010								
External revenues	226,785	22,885	955	1,679	252,304	–	–	252,304
Interest income	1,131	153	–	261	1,545	905	(1,942)	508
Interest expenses	(540)	(497)	–	(111)	(1,148)	(1,125)	1,130	(1,143)
Depreciation and amortisation	(7,349)	(106)	(663)	(263)	(8,381)	(63)	–	(8,444)
Reportable segment profit before income tax	13,433	5,171	298	(1,514)	17,388	(5,641)	(811)	10,936
Share of profit of associates and joint ventures, net of tax	16,323	–	–	–	16,323	(51)	–	16,272
Profit before income tax								27,208
Income tax expense								(3,737)
Profit for the year								23,471
Other material non-cash items:								
– Gain on bargain purchase arising from acquisition of a subsidiary	2,316	–	–	–	2,316	–	–	2,316
Reportable segment assets	263,307	254,995	21,006	7,147	546,455	63,990	(71,369)	539,076
Investment in associates and joint ventures	10,568	–	–	–	10,568	21	–	10,589
Reportable segment liabilities	162,542	169,953	–	5,238	337,733	60,088	(70,208)	327,613
Capital expenditure	14,021	183	380	249	14,833	317	–	15,150

* General corporate activities

28. Operating segments (cont'd)

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2009							
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
Reportable segment liabilities	130,557	80,707	–	211,264	57,074	(45,255)	223,083
Capital expenditure	3,183	229	–	3,412	25	–	3,437

* General corporate activities

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.

28. Operating segments (cont'd)

	2010 $'000	2009 $'000
Revenue from external customers		
Singapore	215,001	272,238
PRC	23,428	95,946
PNG	12,184	7,420
Other countries	1,691	21
	252,304	375,625
Non-current assets		
Singapore	27,065	22,534
PRC	19,225	21,029
PNG	4,847	2,449
Other countries	3,361	–
Investment in associates and joint ventures	10,589	27,105
Other unallocated amounts	18,762	12,892
	83,849	86,009

Major customers

During the financial years ended 31 December 2009 and 2010, revenue from certain customers (named alphabetically A to E) of the Group's construction segment represent approximately $212,045,000 and $200,504,000 respectively. The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2010		2009	
	$'000	%	$'000	%
Customer A	–	–	38,822	10
Customer B	22,942	9	53,974	14
Customer C	44,890	18	76,396	20
Customer D	78,803	31	42,853	11
Customer E	53,869	21	–	–
Total	200,504	79	212,045	55

29. Commitments

(a) Commitments

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

	Group	
	2010	**2009**
	$'000	**$'000**
Uncalled share capital in unquoted equity investment	–	1,500
Acquisition of land use rights	–	57,844
Developmental costs contracted but not provided for	4,697	10,398
Purchase of plant and equipment and intangible assets	3,656	–
	8,353	69,742

(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:

	Group	
	2010	**2009**
	$'000	**$'000**
Within 1 year	1,777	367
After 1 year but within 5 years	384	483
After 5 years	182	249
	2,343	1,099

30. Financial guarantee contracts

(a) Financial guarantees given in respect of mortgage facilities granted to buyers of the Group's properties

	Group	
	2010	**2009**
	$'000	**$'000**
Financial guarantees given to banks for mortgage facilities granted to buyers of the Group's properties (unsecured)	33,554	8,014

At the reporting date, the Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's development properties. Pursuant to the terms of the guarantees, if there is a default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted buyers 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.

30. Financial guarantee contracts (cont'd)

(a) Financial guarantees given in respect of mortgage facilities granted to buyers of the Group's properties (cont'd)

The directors of the Company are of the opinion that such settlements provide sufficient evidence of the buyers' 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 buyers which resulted in the bank guarantees being called upon. Accordingly, the directors believe that significant risks and rewards associated with the ownership of the properties have been transferred to the buyers.

(b) Financial guarantees given in of banking facilities provided to a subsidiary

Company

The Company issued financial guarantees to certain banks in respect of banking facilities granted to a subsidiary of the Group amounting to $248,693,000 (2009: Nil), which will expire within one year. As at 31 December 2010, $98,132,000 (2009: Nil) of the banking facilities was utilised.

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.

(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.

31. Related parties (cont'd)

(a) Key management personnel compensation (cont'd)

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

	Group	
	2010 $'000	2009 $'000
Short-term employee benefits	3,734	2,984
Post-employment benefits	112	120
Others	135	52
	3,981	3,156
Directors' fees:		
– Directors of the Company		
– Payable by the Company	490	–
– Payable by the Subsidiaries	84	60
– Directors of the Subsidiaries	226	70
	800	130

(b) Significant transactions with related parties

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

	Group	
	2010 $'000	2009 $'000
A corporate shareholder		
Rental fee paid and payable for parking lots	(383)	(182)
Rental fee paid and payable for land	(429)	–
Charges on usage of utilities	(6)	–
Interest paid and payable	–	(253)
Jointly controlled entities		
Revenue from construction contracts	1,380	23,345
Purchase of raw materials	–	(377)
Sales of used equipment and material	108	–
Affiliated corporations		
Rental income from leasing of equipment	–	1
Service income	–	16
Hiring charges	(1,306)	(2,303)
Purchase of materials	–	(530)
Purchase of machinery	(18)	–
Interest paid and payable	(491)	(852)

31. Related parties (cont'd)

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

	Group	
	2010	2009
	$'000	$'000
Non-controlling interests		
Development cost	556	–
Interest income on loan	54	615
Late payments charged on loan	–	186

At 31 December 2010 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. Share award scheme

The Tiong Seng Share Award Scheme (the "Award Scheme") was approved and adopted by the Company at an Extraordinary General Meeting held on 31 March 2010. The Award Scheme is administered by the Remuneration Committee.

The eligibility of award participants to participate in the Award Scheme, and the number of shares which are the subject of each award to be granted to an Award Participant in accordance with the Award Scheme and the Vesting Period shall be determined at the absolute discretion of the Remuneration Committee. Employees and Non-Executive Directors of the Company who have attained the age of twenty-one years and are not undischarged bankrupts at the date of grant, shall be eligible to participate in the Award Scheme.

The aggregate number of shares to be delivered pursuant to the vesting of the Awards on any date, when added to the number of shares issued and issuable in respect of such other shares issued and/or issuable under such other share-based incentive schemes of the Company shall not exceed 15% of the issued shares of the Company on the day preceeding that date. Since the commencement of the Award Scheme, no shares of the Company have been awarded pursuant to the Award Scheme.

33. Financial risk management

(a) Introduction and overview

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

– credit risk
– liquidity risk
– market risk
– insurance 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.

33. Financial risk management (cont'd)

(a) Introduction and overview (cont'd)

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 2010, approximately 95% (2009: 98%) 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.

Credit risk concentration profile

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

	Group			
	2010		2009	
	$'000	%	$'000	%
By country:				
Singapore	25,652	95.2	16,711	94.8
PRC	395	1.5	301	1.7
PNG	22	0.1	621	3.5
Europe	872	3.2	–	–
Total	26,941	100.0	17,633	100.0
By industry sectors:				
Construction	25,674	95.3	17,332	98.3
Property development	395	1.5	301	1.7
Sales of goods	872	3.2	–	–
Total	26,941	100.0	17,633	100.0

33. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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 Stock 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.

Impairment losses

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

	2010		2009	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Group				
Not past due	318	–	17,194	–
Past due 0 – 30 days	23,879	–	2	–
Past due 31 – 60 days	1,503	–	–	–
More than 60 days	1,352	111	517	80
	27,052	111	17,713	80

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

	2010		2009	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Group				
Not past due	379	–	389	–
Past due 0 – 30 days	147	–	111	–
Past due 31 – 60 days	–	–	213	–
More than 60 days	3,628	–	3,062	–
	4,154	–	3,775	–

33. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

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 additional impairment allowance is necessary.

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:

	Group	
	2010	**2009**
	$'000	**$'000**
Group		
At 1 January	80	234
Acquisition through business combination	116	–
Provision made	–	21
Provision reversed	–	(78)
Provision utilised	(85)	(97)
At 31 December	111	80

(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 arises 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.

33. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Management of liquidity risk (cont'd)

At 31 December 2010, the Group maintains the following lines of credit:

- $17,137,000 (2009: $16,271,000) are secured overdraft facilities that are secured of which $977,000 (2009: $1,585,000) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and
- $30,900,000 (2009: $30,269,000) that can be drawn down to meet short-term financing needs. An amount of $634,000 (2009: $16,629,000) has been drawn down at the reporting date.

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

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
Group					
At 31 December 2010					
Trade and other payables					
Trade payables	16,261	16,261	16,261	–	–
Accrued trade payables	87,719	87,719	87,719	–	–
Accrued operating expenses and other payables	28,411	28,411	28,411	–	–
Receipts in advance	50,318	50,318	50,318	–	–
Retention sums payable	23,074	23,124	16,699	6,425	
Loans and borrowings					
Secured bank loans	16,785	17,586	12,270	2,779	2,537
Secured loan from a financial institution	39,110	50,843	–	50,843	–
Secured bank overdrafts	977	977	977	–	–
Finance lease liabilities	202	218	135	83	–
Amounts due to related parties	17,472	17,472	17,472	–	–
Recognised financial liabilities	280,329	292,929	230,262	60,130	2,537
Financial guarantees	–	33,554	33,554	–	–
	280,329	326,483	263,816	60,130	2,537

33. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 1 to 5 years $'000	Cash flows: More than 5 years $'000
Group					
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 and other payables	10,755	10,755	10,755	–	–
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	–	–
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
Company					
At 31 December 2010					
Trade and other payables					
Accrued operating expenses and other payables	1,692	1,692	1,692	–	–
Amounts due to related parties	3,022	3,022	3,022	–	–
Recognised financial liabilities	4,714	4,714	4,714		
Financial guarantees	–	98,132	98,132		
	4,714	102,846	102,846	–	–
At 31 December 2009					
Trade and other payables					
Accrued operating expenses and other payables	224	224	224	–	–
Amounts due to related parties	81	81	81	–	–
Recognised financial liabilities	305	305	305	–	–

33. Financial risk management (cont'd)

(d) Market risk

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 debt obligations. The interest charge for debt 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.

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

	2010 $'000	2009 $'000
Group		
Variable rate instruments		
Interest bearing loans and borrowings	7,382	17,690

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 before tax 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 2009.

	Profit or loss	
	100 bp increase $'000	100 bp decrease $'000
Group		
2010		
Variable rate instruments	(74)	74
2009		
Variable rate instruments	(177)	177

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.

33. Financial risk management (cont'd)

(d) Market risk (cont'd)

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 States dollar ("USD"), Renminbi ("RMB"), Singapore dollar ("SGD"), Euro dollar ("EURO") and Swiss Franc ("CHF").

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	EURO $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2010							
Intercompany receivables	22,574	26,417	65,865	15,361	832	–	131,049
Cash and cash equivalents	5,198	19,544	56,273	1,640	344	3,548	86,547
Trade and other payables	–	(93,190)	(107,709)	(1,906)	(1,385)	(1,593)	(205,783)
Amounts due to related parties	–	(12,476)	(4,858)	(2)	(136)	–	(17,472)
Intercompany payables	(22,574)	(26,417)	(65,865)	(15,361)	(832)	–	(131,049)
Net financial (liabilities)/assets	5,198	(86,122)	(56,294)	(268)	(1,177)	1,955	(136,708)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	–	87,672	47,799	15,359	2,009	(1,944)	150,895
Net currency exposure	5,198	1,550	(8,495)	15,091	832	11	14,187

	USD $'000	RMB $'000	SGD $'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	3,872	32,841
Trade and other payables	–	(41,531)	(95,914)	(806)	(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)	3,066	(124,359)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	–	33,686	87,942	(3,037)	118,591
Net currency exposure	(1,482)	1,462	(5,777)	29	(5,768)

33. Financial risk management (cont'd)

(d) Market risk (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 before tax 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 2009.

	Profit or loss (Pre-tax) $'000
2010	
USD	(520)
RMB	(155)
SGD	849
EURO	(1,509)
CHF	(83)
2009	
USD	148
RMB	(146)
SGD	578

A 10 percent weakening of the Singapore dollar 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.

(e) Insurance risk

The Company issues financial guarantees on behalf of its subsidiaries. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and certainty of the Company's future cash flows. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with certainty. The assumptions made may vary from actual experience so that the actual liability may vary considerably from the best estimates.

See note 30 for information on the periods in which the financial guarantees will expire and the contractual undiscounted cash flow in respect of the financial guarantees.

(f) 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.

33. Financial risk management (cont'd)

(f) Determination of fair values (cont'd)

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

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.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Group							
31 December 2010							
Assets							
Trade and other receivables*	10	82,697	–	–	–	82,697	81,610
Amounts due from related parties	11	27,279	–	–	–	27,279	27,279
Other investments:							
– Club membership	12	–	–	285	–	285	285
– Unit trust	12	–	–	196	–	196	196
– Quoted equity instruments	12	–	87	–	–	87	87
– Unquoted equity instruments	12	–	6,074	–	–	6,074	6,074
Cash and cash equivalents	17	86,547	–	–	–	86,547	86,547
		196,523	6,161	481	–	203,165	202,078
Liabilities							
Amounts due to related parties	11	–	–	–	(17,472)	(17,472)	(17,472)
Trade and other payables#	20	–	–	–	(67,746)	(67,746)	(68,132)
Loans and borrowings	21	–	–	–	(57,074)	(57,074)	(63,416)
		–	–	–	(142,292)	(142,292)	(149,020)

33. Financial risk management (cont'd)

(f) Determination of fair values (cont'd)

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
31 December 2009							
Assets							
Trade and other receivables*	10	105,466	–	–	–	105,466	105,989
Amounts due from related parties	11	27,006	–	–	–	27,006	27,006
Other investments:							
– Club membership	12	–	–	285	–	285	285
– Quoted equity instruments	12	–	81	–	–	81	81
– Unquoted equity instruments	12	–	796	–	–	796	796
Cash and cash equivalents	17	32,841	–	–	–	32,841	32,841
		165,313	877	285	–	166,475	166,998
31 December 2009							
Liabilities							
Amounts due to related parties	11	–	–	–	(18,949)	(18,949)	(19,067)
Trade and other payables#	20	–	–	–	(54,827)	(54,827)	(55,768)
Loans and borrowings	21	–	–	–	(41,499)	(41,499)	(42,213)
		–	–	–	(115,275)	(115,275)	(117,048)

* Excluded accrued receivables, tax prepayments and prepayment for resettlement costs
\# Excluded accrued trade payables and receipts in advance

33. Financial risk management (cont'd)

(f) Determination of fair values (cont'd)

	Note	Loans and receivables $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Company					
31 December 2010					
Assets					
Trade and other receivables	10	20	–	20	20
Amounts due from related parties	11	16,976	–	16,976	16,976
Cash and cash equivalents	17	44,565	–	44,565	44,565
		61,561	–	61,561	61,561
Liabilities					
Amounts due to related parties	11	–	(3,022)	(3,022)	(3,022)
Trade and other payables	20	–	(1,692)	(1,692)	(1,692)
		–	(4,714)	(4,714)	(4,714)
31 December 2009					
Assets					
Cash and cash equivalents	17	52	–	52	52
Liabilities					
Amounts due to related parties	11	–	(81)	(81)	(81)
Trade and other payables	20	–	(224)	(224)	(224)
		–	(305)	(305)	(305)

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:

	2010 %	2009 %
Loans and borrowings	5.38 – 5.60	5.38 – 5.40
Retention monies on construction contracts	5.75	5.75
Retention sums payable	5.75	5.75

34. Subsequent events

(a) On 8 February 2011, Tiong Seng Contractors had filed a writ of summons against Bubbledeck Singapore Pte Ltd relating to various defamatory allegations made against Tiong Seng Contractors to its clients, in relation to the Group's intellectual property rights in construction technology owned by Cobiax Technologies AG; and

(b) On 17 February 2011, a new subsidiary, Tianjin Jia Shi Asset Management Co., Ltd ("Tianjin Jia Shi"), 100% held by Tianjin Zizhulin Investment was incorporated in the People's Republic of China with a registered capital of RMB30 million. The intended principal activity of Tianjin Jia Shi is that of an asset management company.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2011

Number of issued shares	:	766,039,750
Class of shares	:	Ordinary
Voting rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1	0.05	10	0.00
1,000 – 10,000	521	27.01	3,749,110	0.49
10,001 – 1,000,000	1,365	70.76	122,396,430	15.98
1,000,001 and above	42	2.18	639,894,200	83.53
TOTAL	1,929	100.00	766,039,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	TIONG SENG SHAREHOLDINGS PTE LTD	451,996,600	59.00
2	PECK TIONG CHOON PTE LTD	53,769,200	7.02
3	WAN SENG ENTREPRISES PTE LTD	21,220,650	2.77
4	DBS NOMINEES PTE LTD	11,093,000	1.45
5	HSBC (SINGAPORE) NOMINEES PTE LTD	10,850,000	1.42
6	PEK AH TUAN	6,008,200	0.78
7	PECK KHEE SONG	5,731,000	0.75
8	LEE KHAR HOON	5,500,000	0.72
9	SHINGDA CONSTRUCTION PTE LTD	5,347,000	0.70
10	LEE KENG LAN	4,758,600	0.62
11	PAY KIAN MENG GILBERT	3,674,000	0.48
12	DBS VICKERS SECURITIES (S) PTE LTD	3,572,000	0.47
13	LEE HONG CHUAN	3,300,000	0.43
14	ANDREW KHNG	2,929,300	0.38
15	LIM KIM ENG	2,637,250	0.34
16	KIM ENG SECURITIES PTE. LTD.	2,634,000	0.34
17	LOW CHER KEOW	2,500,000	0.33
18	LOW SZE WEE	2,379,900	0.31
19	OCBC SECURITIES PRIVATE LTD	2,360,000	0.31
20	FOO HEE KANG	2,200,000	0.29
	TOTAL	604,460,700	78.91

Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Tiong Seng Shareholdings Pte Ltd	451,996,600	59.0	–	–
Peck Tiong Choon (Private) Limited [(1)]	53,769,200	7.0	451,996,600	59.0
Pek Ah Tuan [(2)]	6,008,200	0.8	53,769,200	7.0
Lee It Hoe [(3)]	–	–	477,125,550	62.3

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 Hand

Approximately 29.7% 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, 27 April 2011 at 10.00 a.m. 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 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1.0 cent per ordinary share (one-tier tax exempt) for the year ended 31 December 2010. **(Resolution 2)**

3. To re-elect the following Directors retiring by rotation pursuant to Article 89 of the Company's Articles of Association:

   Mr Pay Sim Tee **(Resolution 3)**
   Mr Ong Lay Khiam **(Resolution 4)**

   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.

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

   "That pursuant to Section 153(6) of the Companies Act, Chapter 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 5)**

5. To approve the payment of Directors' fees of S$490,000 for the year ending 31 December 2011, to be paid half yearly in arrears. (2010: S$490,000). **(Resolution 6)**

6. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an 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, 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) 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 (ii)]** **(Resolution 8)**

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 authorized 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 (iii)]** **(Resolution 9)**

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries

Singapore, 11 April 2011

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 proposed in item 4 above, is to re-appoint a Director who is over 70 years of age.

(ii) The Ordinary Resolution 8 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.

(iii) The Ordinary Resolution 9 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 exercise of the options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies 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 Annual 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, 27 April 2011 at 10.00 a.m. 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 year ended 31 December 2010		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Pay Sim Tee as a Director		
4	Re-election of Mr Ong Lay Khiam as a Director		
5	Re-appointment of Mr Pek Ah Tuan as a Director		
6	Approval of Directors' fees amounting to S$490,000 for financial year ending 31 December 2011		
7	Re-appointment of KPMG LLP as Auditors		
8	Share Issue Mandate		
9	Authority to allot and issue shares under the Tiong Seng Share Award Scheme		

* Delete where inapplicable

Dated this ______________ day of ______________ 2011

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

____
Signature of Shareholder(s)
or, 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 forty-eight (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 of 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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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TIONG SENG HOLDINGS LIMITED
(ESTABLISHED SINCE 1959, SINGAPORE)

(Incorporated in the Republic of Singapore on 15 April 2008)
(Company Registration No. 200807295Z)

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