TIONG SENG HOLDINGS LIMITED

PROSPECTUS DATED 7 APRIL 2010
(registered by the Monetary Authority of Singapore on 7 April 2010)

TIONG SENG HOLDINGS LIMITED

ESTABLISHED SINCE 1959. SINGAPORE

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

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for quotation of all the ordinary shares ("Shares") in the capital of Tiong Seng Holdings Limited (the "Company") already issued, the new Shares ("New Shares") which are the subject of this Invitation (as defined herein), the new Shares ("Award Shares") to be issued under the Tiong Seng Share Award Scheme (the "Award Scheme") and the additional new Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined herein) ("Additional New Shares") on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST.

Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Award Shares and the Additional New Shares (if the Over-allotment Option is exercised). If permission is not granted for any reason or completion of the Invitation does not occur, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, or the Manager, the Underwriter and the Placement Agent.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, the Award Shares or the Additional New Shares (if the Over-allotment Option is exercised).

In connection with the Invitation, we have granted the Manager the Over-allotment Option exercisable in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST to subscribe for up to an aggregate of 28,350,000 Additional New Shares, representing not more than 15% of the New Shares, at the Issue Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The Manager may over-allot and effect transactions which stabilise or maintain the market prices of our Shares at levels which may not otherwise prevail in the open market, subject to compliance with all applicable laws and regulations. Such stabilisation, if commenced, may be discontinued by the Manager at any time at the Manager's discretion, subject to compliance with all applicable laws and regulations.

A copy of this Prospectus, together with a copy of the Application Forms (as defined herein), has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Cap. 289) of Singapore or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, the New Shares, the Award Shares, or the Additional New Shares (if the Over-allotment Option is exercised) as the case may be, being offered or in respect of which an invitation is made, for investment.

No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

Invitation in respect of 189,000,000 New Shares comprising:

(1) 15,000,000 Offer Shares at S$0.28 for each Offer Share by way of public offer; and

(2) 174,000,000 Placement Shares by way of placement, comprising:

(i) 163,495,000 Placement Shares at S$0.28 for each Placement Share by way of Application Forms or such other forms as the Manager may, in consultation with the Company, deem appropriate;

(ii) 300,000 Internet Placement Shares at S$0.28 for each Internet Placement Share for applications made through the Internet website of DBS Vickers Securities (Singapore) Pte Ltd; and

(iii) 10,205,000 Reserved Shares at S$0.28 for each Reserved Share reserved for our employees, business associates, Independent Directors (as defined herein) and those who have contributed to the success of our Group,

payable in full on application (subject to the Over-allotment Option).

Manager, Underwriter and Placement Agent

DBS

Corporate Profile

We are principally engaged in building construction and civil engineering in Singapore, as well as property development in the PRC.

Established since 1959, 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 use of pre-casting and advanced formwork systems, we are able to shorten the construction time and reduce our reliance on human labour, resulting in higher productivity and cost efficiencies.

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

* As of 9 February 2010, only 48 out of 1,573 contractors registered with BCA for general building were awarded the A1 grading, and 36 out of 752 contractors registered with BCA for civil engineering were awarded the A1 grading.

Business Overview

Construction & Civil Engineering

- Singapore
- Papua New Guinea (civil engineering)

Property Development

- Residential
- Commercial

- The PRC
  - In second- and third-tier cities
  - Completed projects in Tianjin, Suzhou and Yangzhou

Our Significant Projects

CONSTRUCTION AND CIVIL ENGINEERING

We have undertaken a wide range of projects for both the private and public sectors:

Completed Projects

Private Residential - Terrace Houses
- Golden Hill Villas

Private Residential - Condominium
- Guilin View
- Park Green
- Parc Emily
- The Arc at Draycott
- Riveredge Condominium

Commercial
- One Marina Boulevard (A 30-70 joint venture with Samsung)

Warehouse (Cold Room)
- NTUC Fairprice Warehouse Extension

Hotel
- St Regis Hotel and Residential Development (A 30-70 joint venture with Kajima Overseas Asia)
- Capella

Institution
- Home Team Academy

Civil Engineering – Deep Tunnelling & Infrastructure
- Kim Chuan Link
- Jalan Buroh Expressway (A joint venture with Civil Geo)
- Re-gravelling of roads in Manus Province, Papua New Guinea

Foundation / Piling Works
- Marina Bay Financial Centre (Residential and Commercial components, as well as Tower 3)

On-going Projects

Private Residential – Condominium
- Tribeca
- Sky @ Eleven
- Shelford Suites
- Hilltops
- The Wilkie
- The Wharf
- The Volari
- Hundred Trees

Institution – Residential
- Kent Vale NUS Staff Housing

Hotel
- Sentosa Integrated Resorts (A 40-60 joint venture with Kajima Overseas Asia)
- Hotel at Upper Pickering Street

Commercial
- Marina Bay Financial Centre (Commercial component) (A 30-70 joint venture with Kajima Overseas Asia)
- Central Boulevard Office Building (A 30-70 joint venture with Kajima Overseas Asia)

Civil Engineering – Infrastructure
- Upgrading and sealing of roads in Papua New Guinea
- Design and construction of stations and tunnels at Hillview and Cashew for stage 2 of downtown line (A 30-70 joint venue with GS Engineering and Construction Corporation)

Additions and Alterations
- Raffles City basement refurbishment and underground linkway

As at 17 February 2010, our order book for construction and civil engineering projects is approximately S$953 million

PROPERTY DEVELOPMENT

We are a niche player in developing private properties in the PRC, focusing on residential and commercial projects in the second- and third-tier cities, such as Tianjin and Yangzhou.

We currently have four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC.

Completed Projects

- Suzhou Huisheng Yuan (Residential and commercial)
- Suzhou Shengyang Commercial Building (Commercial)
- Wenchang Broadway (Shopping centre in Yangzhou)
- Tianmen Jinwan Building (Residential and commercial)

On-going Projects

- Sunny International Project, Cangzhou (Mixed residential and commercial)
- Dagang (Landed properties and low rise developments in Guangang Forest Park)
- Eco-City project, Tianjin (Partnership with the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd ("SSTEC") to develop a residential land parcel)
- Zizhulin Commercial Development, Tianjin

Competitive Strengths

Over the years, we have received accreditations and awards from various government bodies and industry authorities in the following areas:

Quality
- ISO 9001 Quality Certification for Building Construction and Civil Engineering
- BCA Construction Excellence Award

Safety
- OHSAS 18001:2007 Certification of Registration (Occupational Health and Safety Management System)
- Royal Society for the Prevention of Accidents (UK) ("RoSPA") Award
- BCA Design & Engineering Safety Excellence Award
- Ministry of Manpower Annual Safety and Health Performance Award

Environmental Awareness
- ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System)
- BCA Green Mark Award
- BCA Green and Gracious Builder Award
- PUB Watermark Award

Business Excellence
- SPRING Singapore Quality Class
- BCA Built Environment Leadership Awards - Gold
- Construction 21 Best Practice Award
- Singapore Contractors Association Limited ("SCAL") Award

Innovation
- Ministry of Manpower WSH Innovation Award
- SPRING Eureka Award

- **Established track record of over 50 years**
- **Experienced and dedicated management team**
- **Strong focus on cost efficiencies, quality and reliability**
- **Capable of handling a wide spectrum of projects**
- **Complementary business segments and ability to leverage on our experience across these business segments**

Prospects

Construction Industry in Singapore

- According to BCA, the total construction demand for 2010 is expected to reach between S$21 billion and S$27 billion, and the average annual construction demand for 2011 and 2012 is projected to range between S$18 billion and S$25 billion
- Public sector projects are leading new construction works in 2010 and the anticipated higher construction demand for private sector projects will provide further support to the overall construction demand

a) Implementation of long-term infrastructure projects to support Singapore's development

i) Expansion of the Rapid Transit System ("RTS") network
   – The Singapore Government plans to invest approximately S$54 billion to double the RTS network from 138 km today to 278 km by 2020[1]

ii) Road developments in Singapore
   – New road infrastructure such as the construction of the 21-km North-South Expressway at an estimated cost of S$7 - S$8 billion by 2020, and improvements to major roads to expand capacity[1]

b) Continued construction activities in the private sector

According to BCA, private sector construction demand is projected to amount to between S$7.0 and S$9.1 billion in 2010, compared to approximately S$7.5 billion in 2009

Property Development in the PRC

- Increased urbanisation of the PRC
  – Urbanisation rate rose to approximately 45.7% as at end 2008 from about 36.2% in 2000[2], driving demand for real estate properties in the second- and third-tier cities
- Increased purchasing power for real estate in the PRC
  – Per capita annual disposable income of urban households has increased to approximately RMB17,175 in 2009 from about RMB6,280 in 2000[3]
- Development of the Bohai Economic Rim and the Tianjin Binhai New Area in particular
  – Tianjin Binhai New Area, located in the centre of the Bohai Economic Rim, is anticipated to be "China's third economic engine"
  – Currently, we have four on-going projects in the Bohai Economic Rim

[1] According to the Land Transport Authority's Master Plan
[2] According to the China Statistical Yearbook 2008
[3] According to the National Bureau of Statistics of China

Future Plans

Increase construction business activities in core markets

- Continue to bid for a wide spectrum of projects in Singapore, with focus on larger-scale projects
- Leverage on our established track record to secure repeat business from major developers and government bodies, as well as referral for new businesses
- Enhance our services to become the "preferred" partner of our customers

Establish a pre-cast factory

- Increase pre-casting activities by building an automated factory dedicated to pre-casting work
- In addition to internal use, we will also be able to increase pre-casting services for projects undertaken by other contractors

Expand our business through joint ventures and/or strategic alliances

- Continue to expand our business through joint ventures and/or strategic alliances
- This will help to expand our Group's network and give us access to new markets and prospective customers, as well as new business opportunities

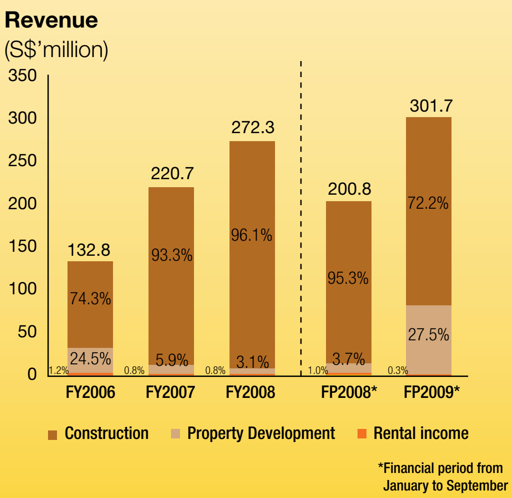
Acquire construction equipment and machinery to support our projects

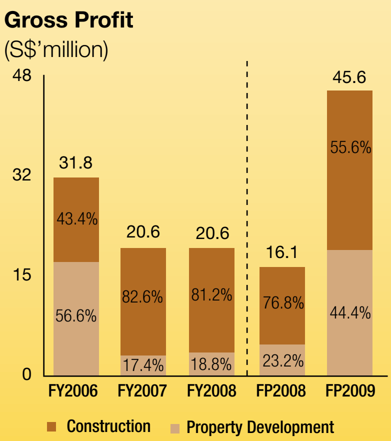
- Continue to invest in equipment and machinery which translates into cost savings for us in the long run and enables us to provide dependable service to our customers

Seek further opportunities in property development in the PRC

- Focus on actively acquiring land use rights in the second- and third-tier cities in the PRC for the development of residential and commercial properties

Financial Highlights





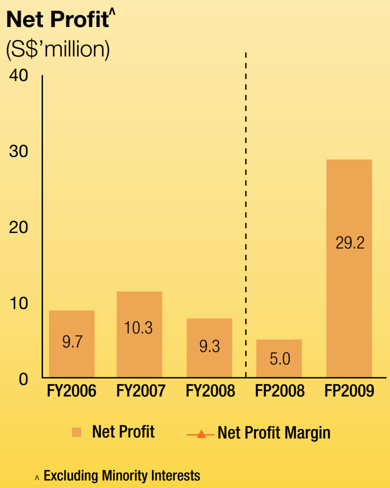


TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Pek Ah Tuan	(Non-Executive Chairman)
		Pek Lian Guan	(Executive Director and CEO)
		Pay Sim Tee	(Executive Director)
		Lee It Hoe	(Non-Executive Director)
		Ong Lay Khiam	(Lead Independent Director)
		Ang Peng Koon, Patrick	(Independent Director)
COMPANY SECRETARIES	:	Shirley Lim Keng San, FCIS Hazel Chia Luang Chew, FCIS	
REGISTERED OFFICE AND PRINCIPAL BUSINESS ADDRESS	:	510 Thomson Road, #08-00 SLF Building, Singapore 298135	
REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	
MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809	
AUDITORS AND REPORTING ACCOUNTANTS	:	KPMG LLP Public Accountants and Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Tan Huay Lim (a practising member of the Institute of Certified Public Accountants of Singapore)	
SOLICITORS TO THE INVITATION	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542	
SOLICITORS TO THE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	Stamford Law Corporation 9 Raffles Place #32-00 Republic Plaza Singapore 048619	
LEGAL ADVISERS TO THE COMPANY ON PRC LAW	:	GFE Law Office 18th Floor Guangdong Holdings Tower No. 555 Dongfeng East Road Guangzhou PRC	

CORPORATE INFORMATION

LEGAL ADVISERS TO THE COMPANY ON PNG LAW	:	Blake Dawson Level 4 Mogoru Moto Building Champion Parade Port Moresby Papua New Guinea
LEGAL ADVISERS TO THE COMPANY ON HONG KONG LAW	:	Li & Partners 2201-2203, 22/F, World Wide House, Central, HK
LEGAL ADVISERS TO THE COMPANY ON LAO PDR LAW	:	DFDL Mekong/Mekong Law Group Phai Nam Road, House No. 004 Sisaket Village (P.O Box 2920) Vientiane, Lao PDR
RECEIVING BANKER	:	DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809
PRINCIPAL BANKERS	:	DBS Bank Ltd. 6 Shenton Way, DBS Building Tower One, Singapore 068809 Malayan Banking Berhad 2 Battery Road, Maybank Tower, Singapore 049907 Oversea-Chinese Banking Corporation Limited 65 Chulia St, #01-00, OCBC Centre, Singapore 049513 The Hong Kong and Shanghai Banking Corporation 21 Collyer Quay, HSBC Building, Singapore 049320 United Overseas Bank Limited 80 Raffles Place, UOB Plaza, Singapore 048624

In this Prospectus, the accompanying Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks or the Internet Banking websites of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply throughout:

Group Companies

"Company" or "Tiong Seng"	:	Tiong Seng Holdings Limited
"Cangzhou Huashi"	:	Cangzhou City Huashi Real Estate Development Co., Ltd. (沧州市华世房地产开发有限公司)
"Chang De Investment"	:	Chang De Investment Private Limited
"Chang Sheng"	:	Chang Sheng (Tianjin) Project Management Consulting Co., Ltd. (长盛(天津)工程管理咨询有限公司)
"Finique Design"	:	Finique Design Private Limited
"Group"	:	The Company and its subsidiaries following the completion of the Restructuring Exercise
"Jiangsu Huiyang"	:	Jiangsu Huiyang Construction Development Co., Ltd. (江苏汇扬建设发展有限公司)
"Jetscan (HK)"	:	Jet-Scan (HK) Limited
"Jetscan (Singapore)"	:	Jet-Scan Private Limited
"LSC Limited"	:	Lao-Singapore Construction Co., Ltd.
"Robin Village"	:	Robin Village Development Pte. Ltd.
"Steeltech"	:	Steeltech Industries Pte. Ltd.
"Suzhou Huisheng"	:	Suzhou Huisheng Construction Development Co., Ltd. (苏州汇盛建设发展有限公司)
"Tiong Seng Contractors"	:	Tiong Seng Contractors (Private) Limited
"TSC (PNG)"	:	TSC Contractors (PNG) Limited
"Tiong Seng Properties"	:	Tiong Seng Properties (Private) Limited
"Tianjin Tianmen Jinwan"	:	Tianjin Tianmen Jinwan Property Development Co., Ltd. (天津市天门金湾置业有限公司)
"Tianjin Zizhulin"	:	Tianjin Zizhulin Development Co., Ltd. (天津紫竹林置业发展有限公司)
"Tianjin Zizhulin Investment"	:	Tianjin Zizhulin Chuangzhan Investment Co., Ltd. (天津紫竹林创展投资有限公司)
"Tianjin Zizhulin Nanxi"	:	Tianjin Zizhulin Nanxi Investment Co., Ltd. (天津紫竹林南希投资有限公司)

"Yangzhou Huixin"	:	Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd. (扬州汇鑫商业物业资产经营管理服务有限公司)

Other Companies and Organisations

"Authority" or "MAS"	:	Monetary Authority of Singapore
"BCA"	:	Building and Construction Authority (previously known as the Construction Industry Development Board ("CIDB"))
"CDP"	:	The Central Depository (Pte) Limited
"CHTN India JV"	:	Cesma − Hua Kok − Tiong Seng − Neo Construction (India) Private Limited
"CPF"	:	The Central Provident Fund
"DBS", "DBS Bank", "Issue Manager", "Manager", "Underwriter", "Placement Agent" or "Receiving Bank"	:	DBS Bank Ltd.
"DBS Vickers"	:	DBS Vickers Securities (Singapore) Pte. Ltd.
"Fierce (Suzhou)"	:	Fierce (Suzhou) Co., Ltd (飞弋(苏州)设计咨询有限公司)
"HDB"	:	Housing Development Board
"Huixing Industries"	:	Huixing Industries Pte Ltd
"JTC"	:	Jurong Town Corporation
"MOM"	:	Ministry of Manpower
"Northern International Trust"	:	Northern International Trust & Investment Co., Ltd (北方国际信托投资股份有限公司)
"PTC"	:	Peck Tiong Choon (Private) Limited
"PTC Leasing"	:	Peck Tiong Choon Leasing (Pte) Ltd
"PTC Transport"	:	Peck Tiong Choon Transport (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Sindia"	:	Sindia Consortium Pte. Ltd.
"Solid Resources Holding"	:	Solid Resources (S) Holding Pte Ltd
"Solid Resources Investments"	:	Solid Resources Investments Ltd
"Tianjin Deqin"	:	Tianjin Deqin Catering Management Co., Ltd. (天津德勤餐饮管理有限公司)

"Tianjin Sheng Jing"	:	Tianjin Eco-City Sheng Jing Investment and Development Co., Ltd. (天津生态城生井投资开发有限公司)
"Tiong Seng Shareholdings"	:	Tiong Seng Shareholdings Pte. Ltd.
"Tri Union"	:	Tri Union Builders LLC
"United Land"	:	United Land & Trading Pte Ltd
"URA"	:	Urban Redevelopment Authority
"Valuer"	:	DTZ Debenham Tie Leung (SEA) Pte Ltd
"Wan Seng"	:	Wan Seng Enterprises (Private) Limited
"Xiamen Huicheng"	:	Xiamen Huicheng Development Co., Ltd (厦门汇成建设发展有限公司)

General

"1H"	:	6-month period from 1 January to 30 June
"3Q"	:	3-month period from 1 July to 30 September
"Additional New Shares"	:	Up to 28,350,000 new Shares (representing 15% of the New Shares) which may be issued upon the exercise of the Over-allotment Option
"Application Forms"	:	The official printed application forms to be used for the purpose of the Invitation which form part of this Prospectus
"Application List"	:	The list of applications to subscribe for the New Shares
"Associates"	:	(a) in relation to any director, chief executive officer or substantial shareholder (being an individual) means: (i) his immediate family; (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"ATM"	:	Automated teller machine of a Participating Bank
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus
"Award Shares"	:	The new Shares which may be allotted and issued pursuant to the Award Scheme
"CEO"	:	Chief Executive Officer
"Companies Act" or "Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or the Internet Banking websites of the relevant Participating Banks or the applications for the Internet Placement Shares made through the Internet website of DBS Vickers, subject to and on the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"Executive Directors"	:	Our executive Directors as at the date of this Prospectus
"Executive Officers"	:	The key executive officers of our Group as at the date of this Prospectus
"FP"	:	Nine-month period from 1 January to 30 September
"FY"	:	Financial year ended or, as the case may be, ending 31 December
"GDP"	:	Gross Domestic Product
"GFA"	:	Gross Floor Area
"HK" or "Hong Kong"	:	The Hong Kong Special Administrative Region of the PRC
"Independent Directors"	:	The independent Directors of our Company as at the date of this Prospectus
"Internet Placement Shares"	:	The 300,000 Placement Shares for which our Company invites applications to be made through the Internet website of DBS Vickers, subject to and on the terms and conditions of this Prospectus
"Invitation"	:	The invitation by our Company to the public to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus

"ISO 9001:2000"	:	Requirements for a quality management system intended for use in any organisation which designs, develops, manufactures, installs and/or services any product or provides any form of service. It provides a number of requirements which an organisation needs to fulfil if it is to achieve customer expectations
"ISO 14001:2004"	:	Requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects. It applies to those environmental aspects that the organisation identifies as those which it can control and those which it can influence. It does not itself state specific environmental performance criteria
"Issue Price"	:	S$0.28 for each New Share
"Latest Practicable Date"	:	17 February 2010, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
"Listing Manual"	:	Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"MNC"	:	Multi-national corporation
"NAV"	:	Net asset value
"New Shares"	:	The 189,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Prospectus
"NTA"	:	Net tangible assets
"OHSAS 18001:2007"	:	Requirements for an occupational health and safety management system, to enable an organisation to control its occupational health and safety risks and improve its performance. It requires an organisation to conduct a risk assessment and manage those risks that must include objectives to demonstrate continuous improvement
"Offer"	:	The Invitation by our Company to the public in Singapore for subscription of the Offer Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Offer Shares"	:	The 15,000,000 New Shares which are the subject of the Offer

"Over-allotment Option"	:	The option granted by us to the Manager, to require us to issue up to an aggregate of 28,350,000 Additional New Shares solely for the purpose of covering over-allotments (if any) made in connection with the Invitation (please refer to the section entitled "Plan of Distribution — Over-allotment and Stabilisation" of this Prospectus). Unless we indicate otherwise, all information in this Prospectus assumes that the Manager does not exercise the Over-allotment Option
"Participating Banks"	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the "UOB Group")
"PBT"	:	Profit before income tax
"Placement"	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Placement Shares"	:	The 174,000,000 New Shares (including the Reserved Shares), which are the subject of the Placement
"PNG"	:	Papua New Guinea
"PRC"	:	People's Republic of China, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC for the purposes of this Prospectus and for geographical reference only
"Prospectus"	:	This prospectus dated 7 April 2010
"R&D"	:	Research and development
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus
"Reserved Shares"	:	The 10,205,000 Placement Shares reserved for our employees, business associates, Independent Directors and those who have contributed to the success of our Group
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Invitation as described in the section entitled "Restructuring Exercise" of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP and does not include a securities sub-account
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"SFR"	:	Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2002

"Service Agreement"	:	The service agreement entered into between our Company and our Executive Director and CEO, Pek Lian Guan, as described in the section entitled "Directors, Management and Staff − Service Agreement" of this Prospectus
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Sub-division of Shares"	:	The sub-division of each Share into 550 Shares as described in the section entitled "Share Capital" of this Prospectus
"Substantial Shareholders"	:	Persons who have an interest in the Shares the nominal amount of which is not less than five per cent. (5%) of the nominal amount of all the voting shares of our Company
"Tiong Seng Share Award Scheme" or "Award Scheme"	:	The Share Award Scheme as described under the section entitled "Directors, Management and Staff — Tiong Seng Share Award Scheme" of this Prospectus and the rules of which are set out in Annex J of this Prospectus

Currencies, Units and Others

"AED"	:	United Arab Emirates Dirhams
"Baht"	:	Thailand Baht
"HKD"	:	Hong Kong Dollars
"Kina"	:	Papua New Guinea Kina
"Rs"	:	Indian Rupees
"USD"	:	United States Dollars
"S$" or "SGD" and "cents"	:	Singapore Dollars and Cents, respectively
"m"	:	Metres
"m^2"	:	Square Metres
"km"	:	Kilometres
"km^2"	:	Square Kilometres
"RMB"	:	PRC Renminbi
"N.A."	:	Not applicable
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference in this Prospectus and the Application Forms to any statute or enactment is a reference to that statute or enactment for the time being as amended or re-enacted. Any word defined in the Companies Act, Securities and Futures Act or any statutory modification thereof and used in this Prospectus and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, Securities and Futures Act (as the case may be) or any statutory modification thereof.

Any reference in this Prospectus or the Application Forms to our Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time and date in this Prospectus or the Application Forms shall be a reference to Singapore time and date, unless otherwise stated.

Any reference to "we", "us" and "our" in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of Singapore-based investors, may not have been registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters.

The following table[1] sets forth the average exchange rates between SGD and the following currencies as at the Latest Practicable Date:

S$1.00	USD 0.7
S$1.00	RMB 4.8
S$1.00	Kina 1.9
S$1.00	Baht 23.6

Note:

(1) Source: Bloomberg website. Bloomberg has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under Sections 253 and 254 of the Securities and Futures Act. While we have taken reasonable action to ensure that the relevant statement(s) has reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry:

"A&A"	:	Addition and alteration works
"advanced formwork systems"	:	This formwork is built out of prefabricated modules with a metal frame (usually steel) and covered on the application (concrete) side with material having the wanted surface structure (steel, timber, etc.). The two major advantages of formwork systems, compared to traditional timber formwork, are speed of construction (modular systems clip or screw together quickly) and lower life-cycle costs (barring major force, the frame is almost indestructible, while the covering may have to be replaced after a few − or a few dozen − uses, depending on the applications)
"aggregates"	:	Mixture of mineral materials, such as sand or stone, used in making concrete
"architectural works"	:	Bricklaying, plastering, joinery, tiling and paving, and painting doors and windows etc
"BSCQ"	:	Bonus Scheme for Construction Quality
"design and build"	:	A type of procurement method for building construction whereby the developer awards a single contract to the main contractor who is then responsible for the architectural and engineering design and construction works of the entire building project
"freehold"	:	Any interest in real property which is a life estate or of uncertain or undetermined duration (having no stated end)
"formwork"	:	The term given to either temporary or permanent moulds into which concrete or similar materials are poured. In the context of concrete construction, it is the falsework which supports the shuttering moulds
"M&E works"	:	Mechanical and electrical works
"pre-cast"	:	A form of construction, where concrete is cast in a reusable mould or "form" which is then cured in a controlled environment, transported to the construction site and lifted into place. In contrast, standard concrete is poured into site specific forms and cured on site
"RC"	:	Reinforced concrete
"RC structural works"	:	Carpentry, concreting and steel reinforcing works

“traditional timber formwork”	:	The formwork is built on site out of timber and plywood or moisture-resistant particle board. It is easy to produce but time-consuming for larger structures, and the plywood facing has a relatively short lifespan. It is still used extensively where the labour costs are lower than the costs for procuring re-usable formwork. It is also the most flexible type of formwork, so even where other systems are in use, complicated sections may still use it

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

- our revenue and profitability;
- expected growth in demand;
- expected industry trends; and
- anticipated commencement and completion dates for projects and other matters discussed in this Prospectus regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, amongst others:

- changes in social, political and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;
- our anticipated growth strategies and expected internal growth;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in consumer preferences;
- changes in our future capital needs and the availability of financing and capital to fund these needs; and
- other factors beyond our control.

These factors are discussed in greater detail in this Prospectus, in particular, but not limited to, the discussions under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. None of our Company, the Manager, the Underwriter and the Placement Agent, our advisers or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Manager, the Underwriter and the Placement Agent disclaim any responsibility to update any of those forward looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events, circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the Listing Manual regarding corporate disclosure and the requirements of the Securities and Futures Act. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Prospectus is registered but before the close of the Invitation, we become aware of: (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Sections 243 or 244 of the Securities and Futures Act; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Sections 243 or 244 of the Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for our Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the filing and/or registration of this Prospectus in Singapore in order to permit a public offering of our Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of our Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Manager, the Underwriter and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

LISTING ON THE SGX-ST

Application has been made to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued, the New Shares, the Award Shares and the Additional New Shares (if the Over-allotment Option is exercised). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, permission being granted to deal in, and for quotation of, all the existing issued Shares, the New Shares, the Award Shares and the Additional New Shares (if the Over-allotment Option is exercised). Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or benefit arising therefrom and at the applicant's own risk, if the said permission is not granted or completion of the Invitation does not occur, and the applicant will not have any claim against us and/or the Manager, the Underwriter and the Placement Agent.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, the Award Scheme, the Award Shares or the Additional New Shares (if the Over-allotment Option is exercised).

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our existing issued Shares, the New Shares, the Award Shares or the Additional New Shares (if the Over-allotment Option is exercised), as the case may be, being offered for investment.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the facts contained in this Prospectus are true and accurate and not misleading, all expressions of opinion, intention and expectation contained in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus, there are no other material facts the omission of which would make any statement in this Prospectus misleading and this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company and/or the Manager, the Underwriter and the Placement Agent. Neither the delivery of this Prospectus and the Application Forms nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or of our subsidiaries or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, our Company may lodge a supplementary or replacement prospectus with the Authority and make an announcement of the same to the SGX-ST and will comply with the requirements of the Securities and Futures Act. All applicants should take note of any such announcement and, upon release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

Neither our Company, the Manager, the Underwriter, the Placement Agent or any parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our

Shares by such person under any investment or any other laws or regulations. No information in this Prospectus should be considered to be business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for, the New Shares in any jurisdiction in which such offer, solicitation or invitation is unauthorised or unlawful nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation**.

In the event that a supplementary or replacement prospectus is lodged with the Authority, our Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement prospectus.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares and:

(a) where the New Shares have not been issued to the applicants, our Company shall either:

   (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

   (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom; or

(b) where the New Shares have been issued to the applicants, our Company shall either:

   (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company the New Shares, which they do not wish to retain title in; or

   (ii) treat the issue and/or sales of the New Shares as void, in which case the issue or sales shall be deemed void and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those Shares without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (b)(i) to return our Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those

Shares, to our Company, whereupon our Company shall, subject to compliance with the Companies Act, within seven days from the receipt of such notification and documents, if any, repurchase the Shares and pay to him all monies paid by him for those Shares.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to our Company, directing that no Shares or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where applications to subscribe for the New Shares to which this Prospectus relates have been made prior to the Stop Order, and:

(a) where the New Shares have not been issued to the applicants, the applications for the New Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies which the applicants have paid on account of their applications for the New Shares; or

(b) where the New Shares have been issued to the applicants, the Securities and Futures Act provides that the issue of our Shares shall be deemed to be void and our Company is required to, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for our Shares.

If our Company is required by applicable Singapore laws to cancel issued New Shares and repay application monies to applicants (including instances where a Stop Order is issued), subject to compliance with the Companies Act, our Company will purchase the New Shares at the Issue Price.

Where monies are to be returned to applicants for the New Shares, it shall be paid to the applicants without any interest or share of revenue or other benefit arising therefrom and at the applicants' own risk.

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

DBS Bank Ltd.
6 Shenton Way #36-01
DBS Building Tower One
Singapore 068809

and from DBS Bank (including POSB) branches and, where available, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore.

A copy of this Prospectus is also available on:

(a) the SGX-ST website: http://www.sgx.com; and

(b) the Authority's OPERA website: http://masnet.mas.gov.sg/opera/sdrprosp.nsf.

The Application List will open at 10.00 a.m. on 14 April 2010 and will remain open until 12.00 noon on the same day or such other period or periods as our Company may, in consultation with the Manager, decide subject to any limitation under all applicable laws. Where a supplementary

document or replacement document has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary document or replacement document as the case may be.

Details of the application procedures for the New Shares are set out in Annex E of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation is set out for the reference of applicants:

Indicative time/date	Event
8 April 2010, 9.00 a.m.	Opening date and time for the Invitation
14 April 2010, 12.00 noon	Close of Application List and closing date and time for the Invitation
15 April 2010	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
16 April 2010, 9.00 a.m.	Commence trading on a "ready" basis
21 April 2010	Settlement date for all trades done on a "ready" basis

The above timetable is only indicative as it assumes that (i) the date of closing of the Application List will be 14 April 2010, (ii) the date of admission of our Company to the Official List of the SGX-ST will be 16 April 2010, (iii) the shareholding spread requirement will be complied with, and (iv) the New Shares will be issued and fully paid-up prior to 16 April 2010. The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "ready" basis and the commencement date of such trading.

Investors should consult the SGX-ST's announcement on "ready" trading date on the Internet (at the SGX-ST's internet website at http://www.sgx.com) or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the internet at the SGX-ST's internet website at http://www.sgx.com; and

(b) through a paid advertisement in a major Singapore English newspaper such as The Straits Times or The Business Times.

We will provide details of the results of the Invitation (including the level of subscription for the New Shares and the basis of allocation of the New Shares pursuant to the Invitation), as soon as it is practicable after the closure of the Application List through the channels in (a) and (b) above.

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider the information presented in this Prospectus, particularly the matters set out under the section entitled "Risk Factors" of this Prospectus, before investing in our Shares.

OVERVIEW OF OUR GROUP

Our Group

Our Company was incorporated in Singapore on 15 April 2008 under the Companies Act as a private limited company. We were converted into a public limited company on 1 April 2010 and our name was changed from "Tiong Seng Holdings Pte. Ltd." to "Tiong Seng Holdings Limited". Pursuant to the Restructuring Exercise, our Company became the holding company of our Group.

Our Business

We are principally engaged in building construction, civil engineering and property development. The main focus of our building construction and civil engineering business is in Singapore, where we act as the main contractor in construction projects for both the private and public sectors. We undertake our construction and civil engineering activities mainly through our wholly-owned subsidiary, Tiong Seng Contractors. Tiong Seng Contractors holds 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. As of 9 February 2010, there were a total of 1,573 contractors registered with the BCA for general building, of which only 48 were awarded the A1 grading. As of that same date, for civil engineering, 36 out of 752 contractors registered with the BCA were awarded the A1 grading.

The main focus of our property development business is to develop residential and commercial properties in various second- and third-tier cities in the PRC, such as Tianjin and Yangzhou. With the added insight of being a contractor and having completed numerous construction projects, we are able to leverage on our experience and anticipate problems associated with the property development business at the outset and develop effective work plans for the property development projects we undertake.

For more details, please refer to the section entitled "General Information on our Group — Our Business" of this Prospectus.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our key competitive strengths are as follows:

(i) We have an established track record of over 50 years

We have more than 50 years of experience as a building contractor and a civil engineering firm in the Singapore construction industry and believe that we have established our reputation as a reliable builder. Our established track record has enabled us to gain our customers' confidence in our services and this is evident from the long-standing relationships we share with some of our customers. The reliability of our services, our technical expertise and our ability to deliver quality projects on time at competitive costs have also earned us repeat business, recommendations and referrals from our customers.

Tiong Seng Contractors holds the highest the BCA grading of A1 for general building and civil engineering which qualifies us to undertake public sector construction projects with unlimited contract value. As of 9 February 2010, there were a total of 1,573 contractors registered with the BCA for general building, of which only 48 were awarded the A1 grading. On that same date, for civil engineering, 36 out of 752 contractors registered with the BCA were awarded the A1 grading. Besides our A1 grading for general building, our subsidiaries, Tiong Seng Contractors and Robin Village, have also been registered as builders under General Builder Class 1 pursuant to the Building Control (Amendment) Act 2007 which enables us to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e. ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork). For further details on the Building Control (Amendment) Act and the licences in this regard that our Group has obtained, please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus.

Over the years, we have also received numerous accreditations and awards from various government bodies and industry authorities in recognition of the different aspects of our building and civil engineering construction work. In addition, some of the buildings we have built have been awarded the BCA Green Mark. Given the National Environment Agency's and the BCA's initiatives to promote environmentally-friendly buildings (such as grants to developers to achieve the BCA Green Mark ratings), we believe that there will be a greater focus on such projects in the future. Our Group's focus on and expertise in more environmentally-friendly construction processes will put us in good stead to work with our customers who wish to develop environmentally-friendly and sustainable buildings. Please refer to the section entitled "General Information on our Group — Awards and Accreditations" of this Prospectus for more details.

(ii) We have an experienced and dedicated management team

We have an experienced and dedicated management team led by our Executive Director and CEO, Mr Pek Lian Guan, and our Executive Director, Mr Pay Sim Tee, who have 20 years and more than 30 years of experience in the construction industry respectively. We also continue to benefit from the expertise and advice of our founder and Non-Executive Chairman, Mr Pek Ah Tuan, who has over 50 years of experience in the construction industry and is one of the early pioneers who ventured into property development in the PRC in the 1980s.

We place strong emphasis on professional development, and our management team regularly attends training and educational programs to update themselves on management techniques and the latest market developments relating to our business. Our management is supported by a team of key executives who are also experienced and competent in their respective functions. Please see the section entitled "Directors, Management and Staff" of this Prospectus for more details on the working experience of our Directors and Executive Officers.

(iii) Our strong focus on cost efficiencies, quality and reliability

Over the years, we have developed and grown our capabilities in the construction business with the objective of improving cost efficiencies and providing quality service to our customers. For instance, we have invested in a wide range of machinery and equipment over time, which helps us to keep our costs in check during periods of high rental costs for such machinery and equipment due to strong construction demand. In particular, we have invested in several advanced formwork systems which are more cost efficient and are faster to erect than traditional timber formwork. The advanced formwork systems are more cost efficient and are faster to erect than traditional timber formwork because they work on a modular panel system which requires a shorter time for fixing and striking, and the main beams and panels can be reused hence reducing the quantity required onsite. Furthermore, the advanced formwork systems are made of galvanized steel which is lighter, thus making erection or striking easier and requiring less manpower.

Other advantages in using these systems include better finishing quality and higher productivity due to a systematic erection sequence with safety features and fewer components, thus reducing errors. The less complicated erection sequence also means that less skilled workers are required. Advanced formwork systems are also more environmentally-friendly compared to conventional methods, with less cleaning required as the panels and main beams have self-draining edges. There is also more access space between each support, allowing ease of movement for proper housekeeping. Therefore, the construction site is cleaner and has a higher standard of environmental health. These systems are also quieter than conventional methods as physical knocking is reduced during use. In addition, these systems reduce potential safety hazards or injuries to our workers onsite as the materials used in the advanced formwork systems are lighter and are easier to dismantle as they allow panels to be removed individually.

Having our own fleet of machinery and equipment also reduces our reliance on external third parties and enables us to ensure the availability of resources to meet our work commitments. Our specialised in-house pre-casting capabilities also help to reduce reliance on human labour and bring about greater efficiency in our work. Accordingly, we can be more cost-competitive than our peers and are able to offer more reliable services to our customers.

(iv) We are capable of handling a wide spectrum of projects

Our Group is capable of handling a diversified range of projects from different sectors. Hence, we are less likely to be affected by adverse changing market conditions. Over the years, we have successfully completed a wide range of building construction and civil engineering projects and have undertaken projects for both the private and public sectors. We are not overly dependent on a single project category for our revenue and have handled projects of different categories, namely, residential, commercial, industrial, hotels, institutions, infrastructure and others. As opposed to pure construction projects, we are also capable of taking on design and build projects which provide diversification to our business.

(v) Our business segments are complementary and we are able to leverage on our experience across these business segments

As we possess extensive experience in both construction as well as the property development businesses, we are able to review our projects from both the perspective of a main contractor as well as that of a property developer. For instance, when we take on a project as a property developer, we are able to tap on our knowledge of the construction industry and better envisage potential problems that might be faced by the contractor. This gives us the advantage of pre-empting problems that might arise in the course of construction and we can take steps to avoid such problems or minimize their impact. As a result, we are able to achieve higher efficiency and have better cost management.

Conversely, with our experience gained in property development, we are able to position ourselves as a solution provider to our customers for our construction business, rather than just a service provider. This is a critical success factor as a design and build contractor. Our competitive edge is in our ability to offer our customers feasible alternatives from both a developer's and a contractor's perspective to reduce overall costs in their projects and refine specifications according to their needs. By doing so, we have established close and strong working relationships with our key customers, which will in turn help our Group to secure more future projects.

For more details, please refer to the section entitled "General Information on our Group — Competitive Strengths" of this Prospectus.

OUR FINANCIAL PERFORMANCE

The following tables present a summary of the combined financial highlights of our Group and should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus and Annexes F and G of this Prospectus.

Selected items on the Operating Results of our Group

	<———— Audited			————>	Unaudited
(S$'000)	**FY2006**	**FY2007**	**FY2008**	**1H2009**	**FP2009**
Revenue	132,832	220,728	272,314	217,620	301,673
Gross profit[(1)]	32,683	21,223	21,351	31,499	45,627
Profit before income tax	21,245	21,197	10,698	36,656	48,415
Profit for the year/period	13,159	13,265	7,782	28,203	38,554
Profit attributable to Shareholders	9,701	10,282	9,272	19,412	29,228
EPS[(2)] (cents)	1.72	1.82	1.64	3.44	5.17

Notes:

(1) Gross profit is net of cost of construction, costs of sales of development properties and direct operating expenses arising from rental of investment properties, plant and machinery including depreciation.

(2) For comparative purposes, EPS for the periods under review have been computed based on net profit attributable to Shareholders and the pre-Invitation share capital of 564,995,750 Shares.

Selected items on the Financial Position of our Group

(S$'000)	Audited As at 31 December 2008	Audited As at 30 June 2009	Unaudited As at 30 September 2009
Property, plant and equipment	38,591	31,249	26,589
Current assets	272,756	251,406	251,968
Total assets	365,967	337,684	339,268
Current liabilities	250,519	181,418	164,266
Non-current liabilities	21,697	34,112	44,146
NTA	63,088	82,050	91,420
NTA per Share[(1)] (cents)	11.2	14.5	16.2

Note:

(1) NTA per Share for the periods under review have been computed based on the NTA of our Group and the pre-Invitation share capital of 564,995,750 Shares.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

Increase construction business activities in core markets

As Singapore will remain our core market for construction and civil engineering activities, we will continue to bid for a wide spectrum of projects in Singapore. The scale of our projects has also increased in recent years and we intend to continue to focus on larger-scale projects. With our established track record, we believe that we are well-positioned to secure large-scale projects in both the public and private sectors.

We recognise the importance of maintaining a good customer base and good working relationships with our major customers. As such, we intend to leverage on our established track record to secure repeat business from major developers and government bodies, as well as referrals for new businesses. We also intend to enhance our services provided to our customers by working with our customers to provide alternatives to reduce costs and refine specifications according to their needs so that we can differentiate ourselves from our competitors as a solution provider rather than just a service provider. This helps us to become the “preferred” partner of our customers and enhances our chances of securing projects from reputable customers which will in turn, boost our reputation and bring about more customers.

Establish a pre-cast factory

The use of pre-cast construction is now widely regarded as an economic, structurally sound and architecturally versatile form of construction. It shortens the construction time required and reduces labour work without compromising the quality. By adopting the pre-casting methodology instead of casting concrete on the exact location required, it reduces the amount of time required to complete one floor of the building by approximately half. Since 1995, we have been conducting pre-cast activities at our construction worksite. As of January 2008, we also undertake pre-casting on a piece of land at Tuas

South Avenue 1 which we acquired in 2007. With the pre-casting done off-site, labour is only required for installation at the required locations on-site, which is less labour intensive than casting concrete for the various concrete panels. Further, the finishing of the pre-cast concrete is better than casting concrete on-site and requires less touching up which in turn helps to reduce manpower required. To further reduce the labour content in our construction work process, we intend to increase our pre-casting activities by building a factory on the site at Tuas South Avenue 1, which has a gross area of approximately 14,000m^2, to undertake pre-casting work. This dedicated factory will allow pre-casting to be done off-site under sheltered conditions so that there will be no disruptions due to weather conditions. Conducting pre-casting off-site under a factory-controlled environment by skilled labour also produces better finishing and consistently higher quality products. On the other hand, the quality derived from casting concrete on-site is largely dependent on the workmanship of the labourer and the working environment.

We also intend to equip the pre-cast factory with automation to increase productivity. The automation will relate mainly to mould-making, casting of concrete, compacting of the concrete and surface cleaning of the mould. We expect such automation to reduce the labour required for each construction project by approximately 50% to 70%. Currently, our pre-casting services are mainly for our internal use. With the pre-cast factory, we will also be able to increase pre-casting services for projects undertaken by other contractors and grow our revenue from such services. In the long run, we also aim to deploy this portable technology in overseas markets where human resources are scarce. We have submitted the design plans for the pre-cast factory to the relevant authorities in August 2009 and we expect to commence construction after all relevant approvals have been obtained. Subject to the receipt of such approvals, we expect the pre-cast factory to be ready around end-2011.

Expand our business through joint ventures and/or strategic alliances

Over the years, our Group has grown by acquiring expertise and building track record through joint ventures with various partners. For example, through our joint venture with Samsung which specialises in building and civil engineering construction, we have enhanced our track record for constructing office buildings. Similarly, through our joint venture with Kajima Overseas Asia Pte Ltd, which specialises in building high-rise, luxurious residential and commercial buildings, we have gained the capability to construct luxurious hotel developments with our St Regis Hotel and Residential Development project and the Sentosa Integrated Resorts project. Through the strategy of forming joint ventures, we have gained the capability to secure a wider spectrum of projects of higher values. For property development in the PRC, we have local partners who have the expertise and relationships. We intend to continue to expand our business through joint ventures and/or strategic alliances. We believe that this strategy will help to expand our Group's network and provide our Group with opportunities to learn from our partners in terms of construction excellence and management styles. We believe that suitable joint ventures and/or strategic alliances will give us access to new markets and prospective customers as well as new business opportunities.

Acquire construction equipment and machinery to support our projects

To support our construction business, we have, over the years, invested in equipment and machinery required for construction projects such as cranes and this has helped to manage costs in times of increasing equipment and machinery rental costs. It also helps to ensure the availability of resources to meet the demands and needs of our customers. As these are long term investments which translate into cost savings for us in the long run and enable us to provide dependable service to our customers, we intend to continue with this strategy.

Seek further opportunities in property development in the PRC

Currently, we have developed properties in Tianjin and certain cities in Jiangsu province. Being a niche player in the second- and third-tier cities in the PRC, we intend to continue to focus on actively acquiring land for the development of residential and commercial properties.

For more details, please refer to the section entitled "Prospects, Trends, Business Strategies and Future Plans" of this Prospectus.

OUR CONTACT DETAILS

Our registered address is 510 Thomson Road, #08-00 SLF Building, Singapore 298135. Our telephone and fax numbers are (65) 6356 0822 and (65) 6356 0688 respectively. Our company registration number is 200807295Z. Our website address is www.tiongseng.com.sg. **Information contained on our website does not constitute a part of this Prospectus.**

Issue Size	:	189,000,000 New Shares comprising 15,000,000 Offer Shares and 174,000,000 Placement Shares (including Reserved Shares). The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	S$0.28 for each New Share.
The Offer	:	The Offer comprises an invitation by our Company to the public in Singapore to subscribe for 15,000,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus.
The Placement	:	The Placement comprises an offering by the Placement Agent on behalf of our Company of 174,000,000 Placement Shares (including 10,205,000 Reserved Shares and 300,000 Internet Placement Shares) at the Issue Price by way of placement, subject to and on the terms and conditions of this Prospectus.
Reserved Shares	:	Out of the 174,000,000 Placement Shares, 10,205,000 Reserved Shares will be reserved for subscription by our employees, business associates, Independent Directors and those who have contributed to the success of our Group. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares or, in the event of an under-subscription for the Placement Shares, to satisfy excess applications from members of the public for the Offer Shares.
Over-allotment Option	:	In connection with the Invitation, we have granted the Manager the Over-allotment Option exercisable in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST to subscribe for up to an aggregate of 28,350,000 Additional New Shares, representing not more than 15% of the New Shares, at the Issue Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. Unless we indicate otherwise, all information in this Prospectus assumes that the Manager does not exercise the Over-allotment Option. The Additional New Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.

Stabilisation	:	In connection with the Invitation, the Manager may, in its capacity as stabilising manager and in its discretion but subject always to applicable laws and regulations in Singapore, over-allot, or effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulatory requirements, including the Securities and Futures Act. Such stabilisation activities, if commenced, may be discontinued by the Manager at any time at the Manager's discretion, and shall not be effected after the earlier of (a) the date falling 30 days from the date of commencement of dealing of our Shares on the SGX-ST, or (b) the date when the over-allotment of our Shares which are subject to the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by the Manager, or through both).
Purpose of our Invitation	:	We consider that the listing and quotation of our Shares on the SGX-ST will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business growth. It will also provide members of the public, our employees and business associates an opportunity to participate in the equity of our Company. The Invitation will also enlarge our capital base for continued expansion of our business.
Listing Status	:	Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted in Singapore Dollars on the Mainboard of the SGX-ST, subject to admission of our Company to the Official List of the SGX-ST and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST and no stop order being issued by the Authority.

ISSUE PRICE	S$0.28
NAV	
NAV per Share based on the combined balance sheet of our Group as at 30 September 2009 adjusted for the Sub-division of Shares, referred to in the section entitled "Share Capital" of this Prospectus, and the interim dividend of S$6 million declared on 31 December 2009 ("Adjusted NAV"):	
(a) before adjusting for the estimated net proceeds of the New Shares and based on the pre-Invitation share capital of 564,995,750 Shares	15.1 cents
(b) after adjusting for the estimated net proceeds of the New Shares and based on the post-Invitation share capital of 753,995,750 Shares	17.7 cents
Premium of Issue Price per Share over the Adjusted NAV per Share as at 30 September 2009:	
(a) before adjusting for the estimated net proceeds of the New Shares and based on the pre-Invitation share capital of 564,995,750 Shares	85.2%
(b) after adjusting for the estimated net proceeds of the New Shares and based on the post-Invitation share capital of 753,995,750 Shares	58.2%
EARNINGS	
Historical net EPS of our Group for FY2008 based on the pre-Invitation share capital of 564,995,750 Shares	1.6 cents
Historical net EPS of our Group assuming that the Service Agreement had been in place from the beginning of FY2008(1) and based on the pre-Invitation share capital of 564,995,750 Shares	1.6 cents
NET OPERATING CASH FLOW(2)	
Historical net operating cash flow per Share of our Group for FY2008 based on the pre-Invitation share capital of 564,995,750 Shares	2.0 cents
Historical net operating cash flow per Share of our Group for FY2008 assuming that the Service Agreement had been in place from the beginning of FY2008 and based on the pre-Invitation share capital of 564,995,750 Shares	1.9 cents
PRICE TO NET OPERATING CASH FLOW RATIO	
Issue Price to net operating cash flow ratio based on the historical net operating cash flow per Share for FY2008 based on the pre-Invitation share capital of 564,995,750 Shares	14.3 times

Issue Price to net operating cash flow ratio based on the historical net operating cash flow per Share for FY2008 assuming that the Service Agreement had been in place from the beginning of FY2008 and based on the pre-Invitation share capital of 564,995,750 Shares	14.7 times

MARKET CAPITALISATION

Market capitalisation based on the Issue Price of S$0.28 per Share and post-Invitation share capital of 753,995,750 Shares	S$211.1 million

Notes:

(1) Had the Service Agreement been in place from the beginning of FY2008, our profit after taxation for FY2008 would have been approximately S$7.4 million instead of approximately S$7.8 million.

(2) Net operating cash flow is defined as net profit attributable to Shareholders with depreciation of property, plant and equipment added back.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information set forth in this Prospectus before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors that are material to investors in making an informed judgement have been set out below. If any of the following considerations and uncertainties develops into actual events, our business, financial conditions, results of operations and prospects could be materially and adversely affected. In such cases, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR GROUP IN GENERAL

We rely on external financing

Our Group relies mainly on bank loans and bank overdrafts to finance our operations. As at 31 December 2009, the aggregate amount of banking facilities (excluding bankers' and performance guarantees) which were drawn down amounted to approximately S$42.3 million. If all or a substantial portion of our banking facilities are withdrawn, the working capital required to finance our operations will be adversely affected. In addition, the interest charged for these facilities amounted to approximately 3.9% of our profit before interest and taxation for FY2009. The majority of these facilities have variable interest rates and accordingly, any increase in such interest rates will have an adverse effect on our profitability and financial performance.

We may also require additional debt financing to fund our activities in the future. Additional debt financing may restrict our freedom to operate our business as new debt covenants may (i) increase our vulnerability to general adverse economic and industry conditions, (ii) limit our ability to pay dividends or require us to seek consent for the payment of dividends, (iii) require us to dedicate a portion of our cash flow from operations to payments of our debts, which would consequently reduce the availability of our cash flow to fund capital expenditures, working capital requirements and other general corporate purposes, and (iv) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

When planning for financing as well as project expenses and earnings for our projects, we need to take into account various factors such as potential consumer response to our development projects, the timing of completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that we provide additional security for our loans. Any variation in any of the factors mentioned above may lead to a corresponding change to our estimated project expenses, including the cost of financing, and earnings.

We cannot assure you that additional financing will be available when needed or that, if available, such financing may be obtained on terms and interest rates that are acceptable to us. There is no guarantee that the terms for additional financing will be as favourable as those previously obtained. In the event that we are unable to obtain acceptable financing, we may not be able to undertake certain new projects and our business, financial condition and results of operations may be adversely affected.

We face significant capital outlay from our construction and property development businesses and may experience negative operating cash flow from time to time

Due to the nature of the construction business, a substantial amount of cash is required for the initial stages of construction to purchase building materials and for the erection of structural frameworks. The same can be said for our property development business as property development projects typically require substantial capital outlay during the land use rights acquisition and construction phases. Further, as we cannot sell units of our property development projects at the early stages of the projects due to the requirements of the relevant PRC laws and regulations which dictate that property development enterprises must obtain the permit for Pre-completion Sale of Commodity Buildings (商品房预售许可证) before selling pre-completed property development units, it may take one or more years before positive operating cash flow may be generated through pre-completion sales or sales of a completed property development.

Due to the above, we may experience negative operating cash flow from time to time. For instance, in FY2006 and FY2007, we experienced a negative operating cash flow of S$32.8 million and S$23.2 million respectively.

To finance the significant capital outlay arising from our construction and property development businesses, we rely largely on facilities from banks. As such, in the event that we are unable to obtain the required financing and do not have sufficient cash flow to fund projects and sustain business operations, our business operations and financial performance may be adversely affected.

We are subject to revenue and profit volatility

We are vulnerable to revenue volatility which is characteristic of construction and property development companies. In the event that we are not able to continually and consistently secure new projects, this would have an adverse impact on our financial performance. For our construction business, revenue is generated by way of contracts secured through the competitive process of tenders and there is no guarantee that we will be able to secure tenders every time we put in bids. Please refer to the section entitled “General Information on our Group — Operation Process” of this Prospectus for details of our operation process for our construction business. Therefore, there will be fluctuations in the number and value of projects we undertake, and there is no assurance that we will be able to continuously secure new projects of similar value and volume as the projects undertaken by our construction business are non-recurring.

For our property development business, the level of revenue that we can achieve is subject to fluctuations and is mainly dependent on the demand for our development projects, the value and number of property development projects and the overall schedules of our projects. We recognise revenue only upon delivery of the completed properties to purchasers. In view of this, any delays in the completion of our property development projects or in the handing over of the completed properties to purchasers may affect our revenue and profits, notwithstanding that we may have sold such properties pre-completion. As such, we are susceptible to revenue as well as gross profit margin volatility in any financial period.

In addition, there may be a lapse of time between the completion of our projects and the commencement of subsequent projects. As such, our earnings and financial performance during such periods may be adversely affected. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance or the future financial condition of our Group.

We are dependent on key personnel and skilled labour for our continued success and growth

Our Group's success to date is attributable to the contributions and expertise of our Executive Directors and Executive Officers. Our continued success and growth will depend on our ability to retain the services of our Executive Directors, Executive Officers and managers. Any loss of services of our key management personnel without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse effect on our operations and financial performance.

Our business is also highly dependent on skilled personnel. Having a team of experienced and skilled personnel is essential in maintaining the quality of our services. A high turnover of such personnel without suitable and timely replacements could have an adverse impact on our operations and competitiveness.

We are subject to intense competition and may not be able to maintain our competitiveness in our industries

The construction and property development industries are highly competitive. For our construction business, in order to secure tenders, we may have to compete aggressively in our bid price and in terms of service quality. If we need to lower bid prices and yet face high operating costs from providing additional services, this will adversely affect our profit margins. For our property development business, we face competition from existing property developers as well as new entrants to the property development business. Some of these competitors may possess larger financial resources that enable them to compete more effectively compared to us. In order to maintain our competitiveness in the property development market, we may have to offer more competitive prices or try to differentiate ourselves using more innovative marketing strategies and property designs.

However, there is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. In the event that we are not able to compete successfully against our competitors or adapt to market conditions, our business, financial position and performance may be adversely affected.

We are subject to risks associated with joint ventures

We expect that we may, as a matter of business strategy, from time to time enter into construction, property development and property investment projects through the formation of joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements. Political uncertainties or new government regulations such as restrictions on ownership can also result in a decline in our Group's investments in these joint ventures or a loss in our Group's ability to influence the management, directors and decisions made by these joint ventures. There is no assurance that we will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on our financial position and results of operations.

There is no assurance that the potential conflict of interest situations can be adequately resolved or that such situations will not arise in future

There are a number of potential conflict of interest situations arising from the multiple directorships of our Directors or the equity interest that our Directors hold in other companies. We have tried to ensure that adequate measures and procedures have been put in place to mitigate such potential conflict of interest situations. For further details, please refer to the section entitled "Interested Person

Transactions and Potential Conflict of Interests" of this Prospectus. However, there is no assurance that these potential conflict of interest situations can be adequately resolved or that similar situations will not arise in future.

We may not be able to successfully implement our future plans

We plan to expand in accordance with our future plans as set out in the section "Prospects, Trends, Business Strategies and Future Plans" of this Prospectus. These plans involve numerous risks, including but not limited to, the incurrence of working capital requirements. Further, the plans will also require substantial capital expenditure and financial resources. There is no assurance that these initiatives undertaken will achieve revenue that will commensurate with our investment costs, or that we will be successful in securing more projects. If we fail to achieve a sufficient level of revenue or if we fail to manage our costs efficiently, we will not be able to recover our investment and our future financial performance and our financial position would be adversely affected.

We may be involved in legal and other proceedings arising from our operations from time to time

We may be involved from time to time in disputes with various parties involved in the construction and property development projects that we undertake. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers and other partners. These disputes may lead to legal and other proceedings. We may also have disagreements with regulatory bodies in the countries we operate in and these may subject us to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, we may suffer not only financial losses but also a delay in the construction or completion of our projects. For further details relating to the legal or other proceedings that we are currently or have been involved in during the previous 12 months, please refer to the section entitled "General and Statutory Information — Litigation" of this Prospectus. Please refer to the section entitled "Capitalisation and Indebtedness — Contingent Liabilities" of this Prospectus for details relating to the amounts being provided for by us.

We are susceptible to fluctuations in foreign exchange rates that could result in us incurring foreign exchange losses

Our revenue from our construction segment is largely denominated in SGD while our revenue from our property development segment is denominated in RMB. To the extent that our revenue and operating costs are not naturally matched in the same currency, we will be exposed to adverse foreign exchange fluctuation. We presently do not have any formal policy for hedging against foreign exchange exposure.

We are also subject to translation risks as our combined financial statements are denominated in SGD while the financial statements of our foreign subsidiaries are prepared in their respective functional currencies. For the purposes of consolidating the results of our foreign subsidiaries, the assets and liabilities of our foreign subsidiaries are translated to SGD based on the year end exchange rates for the relevant financial period or year. The income and expenses of our foreign subsidiaries are translated using the average exchange rates for the relevant financial year or period. Any significant fluctuation of the SGD against the respective functional currencies of our foreign subsidiaries may adversely affect our Group's results of operations.

Terrorist attacks and other acts of violence, wars, or an outbreak of diseases may adversely affect the markets in which we operate and our profitability

Any fresh occurrence of terrorist attacks such as those which occurred in the United States and Indonesia or acts of violence in the markets in which we operate may lead to uncertainty in the economic outlook of our markets and there is no assurance that such markets will not be affected by the worldwide economic downturn, or that recovery from the global financial crisis will appear in the near future. All these could have a negative impact on the demand for our services and our sales and our business, future growth and profitability may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the severe acute respiratory syndrome (SARS), bird flu and influenza A (H1N1) in the countries in which we operate may adversely affect our operations and financial performance. If an outbreak of such infectious diseases occurs in any of the countries in which we have operations in the future, consumer sentiment and spending could be adversely affected and this may have a negative impact on our business and financial performance. Our staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect our day-to-day operations.

RISKS RELATING TO OUR CONSTRUCTION BUSINESS

We are dependent on the construction industry in Singapore, which is in turn dependent on the health of the local property market and the general economy

We derive a substantial part of our revenue from the construction industry in Singapore. Revenue from our Singapore building construction and civil engineering activities accounted for approximately 70%, 90%, 93% and 70% of our revenue for FY2006, FY2007, FY2008 and FP2009 respectively. The construction industry experiences cyclical fluctuations making us vulnerable to the cyclical downturns. Our building construction and civil engineering activities are dependent on the health of the local property market which in turn is dependent on the general health of the Singapore economy. A downturn in the Singapore economy will dampen general sentiments in the local property market and reduce construction demand which will invariably have a material adverse effect on our business and financial performance. In addition, dampened general sentiments in the local property market and reduced construction demand may also erode profit margins for any available construction projects due to keen competition. This will also have a material adverse effect on our business and financial performance.

Any shortage in the supply of foreign workers or increase in levy for foreign workers, or any restriction on the number of foreign workers that we can employ for a project, will adversely affect our operations and financial performance

The construction industry is highly labour intensive. As the pool of local workers in the construction industry in Singapore is limited and the cost of local labour is high, we and our sub-contractors have to rely heavily on foreign labour for all our construction projects. Most of our construction workers are foreign workers who come mainly from India, Bangladesh and the PRC, and who are subject to foreign workers' levy. On this basis, our operations and financial performance are vulnerable to any shortage in the supply of foreign workers and any increase in the cost of foreign labour.

Any changes in the policies of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to our operations which may result in a delay in the completion of our projects. The supply of foreign labour and the number of foreign workers that we and our sub-contractors are allowed to employ are further subject to the policies and regulations imposed by the

MOM. For example, the MOM imposes a quota on the number of foreign workers that we and our sub-contractors can employ in respect of each of our construction projects. Depending on the requirements of our projects, such quota on the number of foreign workers could affect our operations and accordingly our business and financial performance could be adversely affected. If the foreign workers' levy were to increase, our construction costs may increase correspondingly and such additional costs may affect the profitability of our Group. Pursuant to the Singapore Government's Budget 2010, there will be a gradual increase in foreign workers' levy every six months from July 2010 till July 2012. Consequently, if we are unable to reduce our reliance on foreign workers, our financial performance may be affected as our construction costs will increase accordingly. In addition, if there are any changes in the foreign labour policies imposed by the MOM which result in restrictions on the supply of foreign labour, we may have to seek alternative and more costly sources of labour for our projects. For instance, pursuant to the Singapore Government's Budget 2010, the MOM has announced that there will be a reduction in Man-Year Entitlement ("MYE") by 25% over three years for the construction sector. MYE refers to the total number of foreign workers a main contractor is entitled to employ, based on the value of the projects. Accordingly, the number of foreign workers that we can employ will be reduced and if we are not able to increase our productivity and/or have to employ more costly sources of labour, our overall construction costs will increase and our financial performance may be materially and adversely affected.

Fluctuations in construction material prices may affect our earnings from our construction business

The construction materials used in our construction business include mainly concrete, sand, aggregates, cement, tiles, steel and aluminium. The prices of these construction materials may fluctuate due to changes in the supply and demand conditions. Currently, we do not have a long term supply contract with any of our suppliers. Any sudden shortage of supply or reduction in the allocation of construction materials to us from our suppliers for any reason may adversely affect our operations or result in us having to pay a higher cost for these construction materials. For example, the Indonesian government announced a ban on sand exports to Singapore with effect from the beginning of 2007, which led to a shortage of sand supply, resulting in an increase in our cost of construction materials.

Furthermore, a typical construction project generally spans more than one year. As a result, our costs may increase beyond our initial projections and this may result in a reduction in our previously estimated profit margins or us incurring a loss. In the event of any significant increase in the costs of such construction materials and us failing to find a cheaper source of supply or pass on such increases in raw material prices to our customers, our results of operations and financial performance will be adversely affected.

Any cost overruns and/or increases in costs will adversely affect our financial performance

As disclosed in the section entitled "General Information on our Group — Operation Process" of this Prospectus, our contracts department will prepare for a tender submission based on estimated internal costing and labour and material costs based on current prices. Thereafter, the contract value quoted in the tender submission to the developer for building and civil engineering projects is determined after having evaluated all related costs including the indicative pricing of the various suppliers and sub-contractors. However, owing to unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite which may arise during the course of construction, additional work which is not previously factored into the contract value may have to be carried out and this may result in higher project costs. It is also possible for incorrect estimations of costs to be made during the tender submission or for delays in the execution of construction projects to arise. These circumstances will lead to cost overruns which will erode our profit margin for the project or may result in losses. This will have an adverse effect on our overall financial performance and financial condition.

In submitting a tender, the developer would normally request for an affirmative quotation. However, the indicative pricing which we obtain from our suppliers and sub-contractors for the purpose of determining the contract value are only valid over a certain period. As the award of the tender is known only much later and the duration of construction normally stretches more than one year, there is a possibility that the final pricing agreed with our suppliers and sub-contractors will be less favourable than the indicative pricing factored into our tender submission. As the construction contract would typically provide that no adjustment shall be made to the contract value for fluctuations in the cost, amongst others, of labour, construction materials, equipment rental and sub-contracting services, we would be unable to pass any cost increase to the developer. From our past project experiences, the cost component which was most sensitive to price fluctuations was for basic construction materials such as cement, sand, ready-mixed concrete, steel reinforcement bars and bricks. A substantial increase in the cost of basic construction materials or any other cost components vis-à-vis the estimates factored into the contract value agreed with the developer will therefore erode our profit margin for the building project or may even result in losses. This will have an adverse effect on our overall financial performance and financial condition.

We are liable for delays in the completion of projects and any liquidated damages arising from such delays could adversely affect our financial performance

The construction contract between a developer and its main contractor would normally include a provision for the payment of pre-determined liquidated damages by the latter to the former in the event the project is completed after the stipulated date of completion stated in the contract.

Delays in the completion of a project could occur from time to time due to several factors including but not limited to adverse weather conditions, shortages of labour, equipment and construction materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors, industrial accidents, work stoppages arising from accidents or mishaps at the worksite or delays in the delivery of building materials by the suppliers. In the event of any delay in the completion of the project due to factors within our control, we could be liable to pay liquidated damages under the construction contract and incur additional overheads that will adversely affect our earnings and erode our profit margin for the project. In such event, our financial performance and financial condition would be adversely affected. There is no assurance that there will not be any delays in the existing and future construction projects which we undertake, which may result in the payment of liquidated damages and additional overheads which could have a material impact on our financial performance and financial condition.

In the event that we are required to bear additional costs in relation to disputes with developers, our financial performance will be adversely affected

It is not uncommon in the construction industry for disputes to arise between the developer and contractor for various reasons including differences in the interpretation of acceptable quality standards of workmanship and materials used, disagreements over the valuation of work-in-progress and general non-adherence to the contract specifications. Consequently, it is an industry practice for the developer to withhold an agreed percentage of the contract sum, typically up to 5.0%, as retention monies to defray the costs of instituting any work for repair, reconstruction or rectification of any imperfection or other fault or defects which may surface or be identified only during the maintenance period, typically about 12 to 24 months after the official hand-over of a building project. We may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the rectification or reconstruction of works under dispute to the extent that our profit margin is eroded or losses are incurred for the building project. Moreover, where we are in breach of any terms of the contract, our customers are entitled to claim for liquidated damages for delay in completion or other losses suffered by them by off-setting the same from the retention monies or enforcing the performance bond. In such event, we will be required to indemnify the relevant insurance company or financial institution for such payment, as well as any damages arising from disputes. This will have an adverse effect on our overall financial performance and financial condition.

Disputes may also arise between the developer and contractor from disagreements over the cost of variation orders requested by the former. This is because the variation orders are sometimes carried out before the additional charges are agreed upon in order that the building project may be completed on schedule. This, as disclosed in the section entitled "General Information on our Group — Operation Process" of this Prospectus, is in accordance with industry practice. However, as the cost of variation orders is not determined beforehand, their basis of valuation may become a source of dispute after the building project has been completed. In the event that a dispute were to arise between the developer and us such that we are required to bear part of the variation cost, our profit margin for the building project will be eroded or it may result in losses. This will have an adverse effect on our overall financial performance and financial condition. In the course of our construction business, disputes may also arise between us and our sub-contractors for various reasons including defective works, disruption of subcontract works and disputes over contract specifications and the final amount payable for work done on a project.

It is not uncommon in connection with our construction business for claims to be made against us from time to time by our sub-contractors and customers arising from such disputes. In the event that any of such claims are successfully made against us, our results of operations and financial performance may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse effect on our market reputation.

For design and build projects that we undertake as main contractor, we are liable for defects or failure in the architectural or engineering design of the building

For design and build projects, a single contract is awarded by the developer to the main contractor who shall be responsible for the architectural and engineering designs and construction works of the entire project. Consultants such as architects and engineers are always engaged to work on such projects and they will be liable for any defect or failure in the architectural or engineering design of the building arising from their default, as the case may be. However, in the event that such defaults could not be sufficiently covered by the professional indemnity insurance taken up by the respective consultants, we would be liable to the developer for the residual amount of such defaults.

If a developer were to succeed in obtaining a court judgment or an arbitration award against us for claims on the grounds of design defect or failure, such claims may have a material adverse effect on our financial performance and financial condition.

Changes in government legislation, regulations or policies which affect the construction industry in Singapore may adversely affect our business operations and financial performance

As we derive the bulk of our revenue from our construction business in Singapore, any changes in government legislation, regulations or policies affecting the construction industry in Singapore could adversely affect our business operations and/or have a negative effect on the demand for our construction services. The compliance with such new government legislation, regulations or policies may also increase our costs and any significant increase in compliance costs arising from such new government legislation, regulations or policies may adversely affect our results of operations. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance.

We may be affected by accidents at our construction sites and our premises

Accidents or mishaps may occur at the construction sites for our projects or at our premises even though we have put in place certain safety measures. As such, we are subject to personal injury claims by workers who are involved in accidents at our worksites and premises during the course of their work from time to time.

For the last three financial years ended 31 December 2008 and up to the Latest Practicable Date, there has been one fatal accident which occurred at our scaffold material storage yard at Tuas Basin Close.(1)

Such accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project, and in the event of such delay, we could be liable to pay liquidated damages under the construction contract with our customers. In such an event, our business, results of operations and financial performance may be materially and adversely affected. Further, such accidents or mishaps may subject us to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by our insurance policies may materially and adversely affect our results of operations and financial performance. In addition, any accidents or mishaps resulting in significant damage to our premises, machinery or equipment may also have a significant adverse effect on our business, financial condition and results of operations.

Further, under the Demerit Points Scheme for the Construction Industry introduced by the MOM in 2000, if we are found to have violated safety requirements at our worksites, we will be given demerit points. For example, if a worksite of a main contractor receives a warning letter after such contractor accumulates more than 18 demerit points within a 12-month rolling period (First Stage) and thereafter any of its individual worksite exceeds 18 demerit points (Second Stage), the worksite may have limited access to work permit holders for 6 months or more. If a contractor does not make improvements and continues to commit workplace safety and health offences, applications by such contractors for new and renewal of all types of work passes for all foreign employees may be rejected by MOM.

As we may incur demerit points from time to time on a project, the more projects we take up, the more susceptible we are to the incurrence of demerit points. In November 2007, we accumulated more than 18 demerit points due to certain safety measures not being sufficient at certain worksites and received a formal warning from MOM. This means that we entered the First Stage of the Demerit Points Scheme. While we had taken corrective actions and our operations were not affected, any continued accumulation of demerit points by our worksites may have resulted in us moving into the Second Stage of the Demerit Points Scheme whereby certain restrictions will be imposed. As of 25 November 2009, we were cleared of the First Stage as we did not incur further demerit points for the preceding 12 months and our demerit points record has been cleared. For more information on the Demerit Points Scheme, please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus.

In addition, in the event that our worksites contravene the requisite safety and health standards imposed by the regulatory authorities, we could be fined or issued with partial or full stop-work orders. We were previously issued with such stop-work orders in 2007 for the Capella worksite (for 7 days) and the Arc at Draycott worksite (for 11 days) and in 2008 for the Hilltops worksite (for 7 days). These stop-work orders were generally in relation to the safety measures put in place for work on scaffolds, working at heights and falling hazards. Upon rectification, the stop-work orders were subsequently lifted.

As at the Latest Practicable Date, there is no subsisting stop-work order. The issuance of such stop-work orders may severely disrupt our operations and lead to a delay in the completion of a project. These circumstances would not only generate negative publicity and adversely affect our market reputation but would also have a material adverse impact on our business, results of operations and financial performance.

Note:

(1) In 2006, a rigger employed by Tiong Seng Contractors fell from the top of a container which was in the process of being shifted, and passed away. Workmen's compensation was covered by our insurers. We were also fined S$50,000 by the authorities for failing to provide and maintain safe means of access to and egress from the place of work and failing to appoint a lifting supervisor to coordinate lifting activities before any lifting operation. As this incident occurred at our scaffold material storage yard and not a worksite, it did not result in any demerit points being issued. The matter has since been closed.

Our business is dependent on the services of our sub-contractors

We engage sub-contractors to provide various services for our construction projects, including piling and foundation works, engineering, landscaping, installation of air-conditioning units and elevators, mechanical and electrical installation, utilities installation, interior decoration and any other specialist work. These sub-contractors are selected based on, among other things, our past working experience with them, their competitiveness in terms of their pricing and their past performance. We cannot assure you that the services rendered by these sub-contractors will be satisfactory or that they will meet our requirements for quality. In the event of any loss or damage arising from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our construction projects, resulting in additional costs for us or exposure to the risk of liquidated damages. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We must maintain the BCA grading for our business

Registration with the BCA is a pre-requisite for us to tender for contracts with the government sector in Singapore. Certain customers in the government sector in Singapore may also require that we achieve the specified ISO recognition as a tender pre-requisite. Please refer to the sections entitled "Quality Assurance" and "Government Regulations" of this Prospectus for details of our various certifications. In addition, some customers in the private sector also prefer contractors who are registered with the BCA.

Currently, the industrial classification awarded by the BCA to our Group is determined by factors such as capital net worth, track record and turnover/sales. If we are unable to meet the criteria for the grant of our classification, we may be downgraded in terms of the level of classification we have been granted or our classification may not be renewed. Further, with effect from 1 January 2006, there is also a correlation between the number of demerit points that we receive under the Demerit Points Scheme for the Construction Industry introduced by the MOM in 2000 and the BCA grading. In particular, if we receive a warning letter from the MOM after we have accumulated more than 18 demerit points within a 12-month rolling period and thereafter accumulate an additional 12 demerit points within the next 12-month rolling period, we will be downgraded by a grade for a period of 1 year by the BCA. In the event our classification is downgraded, the financial value of public contracts that we can tender for will be smaller or we may not be allowed to bid for public contracts which have a higher industrial classification as a pre-requisite for tender. This would be detrimental to our business operations.

Please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus for more details on the criteria to be maintained for the BCA grading.

We are subject to licensing requirements to be a building contractor

Pursuant to the Building Control (Amendment) Act 2007, builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed. The act came into effect on 16 December 2008 and builders were given a period of six months from that date to apply for a licence.

Builders will be licensed under two registers, each of which will be renewable on a three-yearly basis. The two registers are the General Builder Register and the Specialist Builder Register. Under the General Builder Register, there will be two categories. General Builder Class 1 will consist of general building works of unlimited value and General Builder Class 2 will consist of general building works of contract value of SGD 6 million or less. As at 16 June 2009, we have obtained the requisite licences. Please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus for the details of the licences we have obtained.

As main contractors registered under General Builder Class 1 will need to comply with requirements under the Construction Registration of Tradesmen Scheme ("CoreTrade") on construction personnel, they have to ensure that, at project level, a stipulated number of their construction personnel are localized workers, i.e. Singaporeans, permanent residents or workers of a traditional source, deployed in key trades. As such, all General Builder Class 1 contractors carrying out building works with project contract value S$20 million and above will be required to submit a project employment plan to the BCA. This plan will set out the number and proportion of registered construction personnel to be deployed for the key trades for the duration of the project and the submission of the plan will be a requirement for the issue of the permit to carry out building works. In the event that the deployment requirements are not met, we would not be able to obtain the necessary permit to carry out building works. This would then have an adverse impact on our business.

For more details on the Building Control (Amendment) Act 2007, please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus.

We must maintain our credit rating with the BCA

In 2006, the BCA adopted a credit rating system to serve as a supplementary indicator of the financial standing of the larger construction firms in its contractors' registry. The adopted credit rating has been developed to assess the financial health of companies. Following this, construction firms in the BCA's contractors' registry are currently appraised and categorised into various groups based on their track records, personnel and financial strength as measured by their capital and net-worth. For the larger firms, i.e. those in the top categories of A1, A2 and B1, which currently may tender for public sector construction contracts valued at S$40 million or more, government agencies will use this credit rating as an additional reference for the financial standings of the firms when evaluating public tenders. If we fail to maintain our credit rating with the BCA, our market reputation will be adversely affected.

We are exposed to credit risks of our customers

We are exposed to credit risks of our customers. The payments for our building construction and civil engineering projects will only be made in accordance with the amount of work completed in the project. In the event that payments are delayed or not received for any reason, our financial position and profitability will be affected. Our total trade receivables balance, comprising trade and accrued receivables and retention sums as at 31 December 2009, was approximately S$86.8 million, representing approximately 27.7% and 10.8% of our current and non-current asset balances respectively as at 31 December 2009. As at 31 January 2010, excluding accrued receivables and retention sums, approximately 97.1% of these trade receivables have been collected. Our average receivables turnover for construction business for FY2006, FY2007, FY2008 and FP2009 were 119 days, 101 days, 115 days and 107 days respectively. As at 31 December 2009, our allowance for doubtful debts was approximately S$80,000. Bad debts written-off in FY2006, FY2007 and FY2008 were approximately S$135,000, S$317,000 and S$102,000 respectively. There were no bad debts written-off in FP2009.

From time to time, we may encounter customers who may have cash flow problems and are unable to pay us on time or at all. In such event, our profitability will be adversely affected by allowance for bad debts provisions and/or bad debts written off.

Our insurance coverage may not be adequate

We face the risk of loss or damage to our construction projects, properties, machinery and inventory due to fire, theft and natural disasters, such as earthquakes and floods. Such events may cause disruption or cessation in our operations, thus adversely affecting our financial results.

Whilst our insurance policies cover some losses in respect of loss or damage to our properties, machinery and inventory, our insurance may not be sufficient to cover all of our potential losses in extraordinary events. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies we have taken up, we may be liable to cover the shortfall in the amounts claimed and our financial performance may be adversely affected.

In relation to the construction projects which we undertake as the main contractor, we obtain the contractors' all risks insurance and workmen's compensation insurance. In the event that such insurance coverage is insufficient to meet the claims arising in respect of the projects, we may be exposed to losses which may adversely affect our profitability.

Excessive warranty claims will adversely affect our financial position

We provide limited warranty for our construction projects for up to 10 years depending on the type of work we do which may include waterproofing works, external painting works and anti-termite treatment. The limited warranty covers defects and any premature wear and tear of the materials used in the projects. Rectification and repair works to be carried out by us that are covered under the limited warranty would not be chargeable to the customers. We provide such warranties jointly with our suppliers and/or sub-contractors. In the event our suppliers and/or sub-contractors are not able to perform their obligations under the warranty, we will be liable for the claims pursuant to the warranty. Excessive warranty claims for rectification and repair works will have an adverse effect on our operations and financial performance.

RISKS RELATING TO OUR OPERATIONS IN PNG

Our operating results and financial performance are subject to uncertainties in PNG's political, economic and social conditions

One of our subsidiaries, TSC (PNG), is located in PNG. There is no assurance that PNG's political landscape will not change, giving rise to political instability, social and civil unrest and disruption of businesses and the economy. In the event that the political landscape changes, our operations might be adversely affected. These could also have an adverse impact on our business, financial condition and the results of our operations.

We may be subject to penalties for the construction activities undertaken by Tiong Seng Contractors in PNG

Tiong Seng Contractors entered into two construction contracts with an unrelated third party in PNG in 2007. However, the work was essentially undertaken by TSC (PNG) and payments were also received by TSC (PNG). As Tiong Seng Contractors is not registered as an overseas company under the PNG Companies Act, it is unable to conduct business in PNG. It is an offence for an overseas company or a foreign owned enterprise to carry on business in PNG without being certified by the PNG Investment Promotion Authority. Under the PNG Companies Act, where a company fails to comply, the company is liable for a maximum penalty of Kina 10,000 (equivalent to approximately S$5,260 as at the Latest Practicable Date) and each director can be personally liable for a maximum penalty of Kina 10,000 (equivalent to approximately S$5,260 as at the Latest Practicable Date). Similar penalties apply under the PNG Investment Promotion Act. Further, contracts entered into by a foreign enterprise which is not certified may be declared void by a court.

Consequent to the above, our Executive Directors have made arrangements to rectify the situation by novating the contracts to TSC (PNG). In this connection, we sent a letter regarding the novation of the contracts to the Secretary of Department of Work of PNG in June 2008.

In the event that the relevant PNG authority does not approve the novation process, the contracts which Tiong Seng Contractors have entered into will remain enforceable unless the other party with whom Tiong Seng Contractors has contracted with or the PNG Investment Promotion Authority applies to the PNG courts to declare the contracts void. As at 31 December 2009, an aggregate balance of approximately S$7.6 million of revenue has not been recognised on the two contracts which are estimated to be completed in or around March 2010. Should the contracts be deemed void, we will not be able to recognise this remaining amount of revenue.

Further, while we have been advised by our PNG counsels that there are no claw-back provisions in the contracts which would result in the clawing-back of the approximately S$20.7 million in revenue that has been recognised as of 31 December 2009, there is a possibility that Tiong Seng Contractors would be required to refund all monies received under the contracts if they are declared void by the court. While common law states that on the basis of unjust enrichment and restitution, compensation may be paid for benefits conferred under an illegal contract such as work done or services supplied, there is no assurance that we will be entitled to compensation by the party we have contracted with for the value of the work already done under the respective road construction contracts.

Separately, we can also choose to have Tiong Seng Contractors registered as an overseas company under the PNG Companies Act and apply for certification with the PNG Investment Promotion Authority if the novation is not approved. However, there is no assurance that the said contracts will not be deemed void.

RISKS RELATING TO OUR OPERATIONS IN THE PRC

Changes in the social, political and economic conditions in the PRC could affect our business

Currently, all our property development revenue is derived from our business operations located in the PRC. Hence, any significant slowdown in the PRC economy or decline in demand for our properties from customers in the PRC will have an adverse effect on our business, financial condition and results of operations. Furthermore, any unfavourable changes in the social and political conditions of the PRC may also adversely affect our business and operations.

Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the PRC government has been undergoing reforms in its economic and political systems. The PRC government is expected to continue modifying or reforming its economic and political systems from time to time. Any changes in the social, political and economic policies of the PRC government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may in turn adversely affect our financial performance. Although we believe these reforms are likely to have a positive effect on our property development business in the long term, we cannot predict whether changes in PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our future business, results of operations or financial condition.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business

Our property development business and operations in the PRC are governed by the legal system of the PRC. The PRC legal system is a codified system with written laws, regulations, rules and other regulatory documents. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes. Further, there are no precedents on the interpretation, implementation and enforcement of the PRC laws and regulations and the higher court decisions in the PRC do not have any binding effect on lower courts. Accordingly, the outcome of any dispute resolution may be uncertain or unpredictable and it may be difficult to obtain swift and equitable enforcement of the laws in the PRC, or to obtain enforcement of a judgment by a court in the PRC in other jurisdictions. Any introduction of new laws or amendments to existing laws in the PRC which is detrimental to the business environment in which we operate will adversely affect our profitability.

PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from our PRC subsidiaries

Our PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, the State Administration for Foreign Exchange (国家外汇管理局) ("SAFE") regulates the conversion of the RMB into foreign currencies. Currently, the main applicable regulation in respect of conversion of RMB into other currencies is the Foreign Exchange Control Regulations of the PRC (中华人民共和国外汇管理条例) ("Regulations") which came into effect on 1 April 1996 and was amended on 14 January 1997 and 1 August 2008. Under the Regulations:

(i) foreign invested enterprises ("FIEs") may freely buy, sell and/or remit foreign currencies at the banks authorized to conduct foreign exchange business in the PRC only upon providing valid commercial documents and in the case of capital account item transactions, upon obtaining approval from the SAFE as well; and

(ii) capital investments by FIEs outside of the PRC are also subject to certain limitations, of which some examples would be the need to obtain approvals from the Ministry of Commerce, the SAFE and the National Development and Reform Commission.

We cannot provide any assurance that the PRC regulatory authorities will not impose further restrictions on the purchase, sale and/or remittance of foreign currencies by/to our PRC subsidiaries. As the revenues of our PRC subsidiaries are denominated in RMB, any future restrictions on currency exchanges may limit our ability to repatriate such revenue for the distribution of dividends to our Group or for funding our other business activities outside the PRC. Please refer to "Annex C — Description of Relevant PRC Laws and Regulations" of this Prospectus for more information.

Our business is dependent on the PRC economy

Our property development business is dependent on the continued expansion of the PRC economy. The property development market may be adversely affected by political, economic, regulatory, social or diplomatic developments in or affecting the PRC property sector generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the cities where our property developments are located or any adverse developments in the supply and demand or housing prices in the property sector, may have an adverse effect on our business. Our business is also subject to the cyclical nature of the property industry and as such, any downturn in the residential or commercial property development market in the PRC will materially and adversely affect our financial condition and results of operations.

PRC government policies, regulations and measures intended to discourage speculation in the PRC property market may adversely affect us

Due to increasing speculation and investment in the property market, the PRC government has implemented a series of measures in a bid to discourage property speculation in the property market and to ensure the availability of affordable housing. For instance, in May 2006, the PRC State Council approved the "Opinions on the Adjustment of Housing Supply Structure and Stabilisation of Housing Price" (关于调整住房供应结构稳定住房价格的意见) (the "Housing Opinions") which set out measures including, *inter alia*, an increase in the minimum downpayment from 20% to 30% of the purchase price payable by purchasers of properties for individual residential mortgage loans and the placing of restrictions on the credit that the real estate enterprises may take up from the banks. These measures may affect the purchasing ability of potential buyers of residential properties and the financing to be taken up by our Group for our property development projects, and in such event would adversely affect our business and financial results.

The Housing Opinions further provide that at least 70%[(1)] of the total construction area in residential housing developments approved or commenced after 1 June 2006 must be developed to be residential units (including economic houses) with built up area of no more than 90m^2. Such restrictions may lead to an increase in the supply or an oversupply of units which are no larger than 90m^2 in the PRC property market, which could result in a decrease in the property prices of such units. As our residential property development projects are expected to comprise units which are no larger than 90m^2, any decrease in the property prices of such units could have a material adverse effect on our financial performance.

We cannot assure you that these measures introduced by the PRC government will not adversely affect our sales of property units. There is also no assurance that the PRC government will not introduce further measures to regulate the growth of the PRC property market. Such existing measures and the introduction of any new measures may have a material adverse effect on our business, results of operations and financial performance. Further, the compliance with such new measures or other policies and regulations may increase our costs and any significant increase in such compliance costs may adversely affect our results of operations. Please see "Annex C — Description of Relevant PRC Laws and Regulations" of this Prospectus for more details.

Note:

(1) The specific proportion made by the municipalities or provincial cities in particular circumstances should be appointed by the Ministry of Construction.

We are dependent on our ability to raise funds for our property development projects

Property development projects are capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our development projects according to plan. We finance our land acquisitions with a combination of internal funds and related party loans, some of which are guaranteed by the controlling shareholders. Our property development costs are financed through a combination of internal funds, pre-sale proceeds and bank borrowings. In addition, pre-sale proceeds may only be used to fund the property development costs of the relevant projects to which they relate under PRC law.

We cannot assure you that we will have sufficient internal funds available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales in order to fund our property developments. There is also no assurance that controlling shareholders will continue to provide financial or credit support for our credit facilities. In addition, we may not be able to secure adequate financing, if at all, or renew credit facilities granted by banks and financial institutions. Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us a commercially acceptable return depends on a number of factors that are beyond our control, including general economic and political conditions, the terms on which financial institutions are willing to extend credit to us and the availability of other sources of debt or equity financing.

We do not currently maintain any land bank and our inability to identify and source for new land sites and develop at commercially acceptable prices will adversely affect our business and financial performance

We believe that in order to maintain and grow our property development business, we need to continue to identify and source for new land sites in the PRC which are suitable for property development. We generally source for new land sites through private invitations from property owners and property agents as well as referrals from our PRC contacts.

We work with PRC joint venture partners in our property development projects in the PRC. As these PRC joint venture partners have knowledge of suitable land sites in the PRC, we depend heavily on these PRC joint venture partners to identify and secure suitable land sites for our property development business. We also depend on other contacts in the property development and construction industry in the PRC to enable us to, *inter alia*, source for raw materials and reliable sub-contractors and market our completed projects more efficiently and successfully. As such, it is crucial for us to establish and maintain good relationships with these PRC joint venture partners and contacts, so that we can tap their expertise and knowledge in identifying, sourcing for and securing suitable land sites as well as in other matters related to our property development business in the PRC. In the event that there is any deterioration in our relationships with these PRC joint venture partners and contacts, this could materially and adversely affect our business, results of operations and financial condition.

Our ability to embark on a property development project is dependent on our ability to acquire a suitable piece of land at the appropriate time. As we do not currently maintain any land bank due to PRC laws and regulations which prohibit the hoarding of land, there is no assurance that we can embark on property projects when suitable opportunities for property development arise. We cannot assure you that we will be able to identify and acquire suitable land sites in the future at commercially acceptable prices, or at all. In the event that we are unable to identify and secure suitable and sizeable plots of land in the PRC for property development, this could impair our ability to compete with other property developers and accordingly, our business and financial performance will be materially and adversely affected.

The viability and profitability of property development projects are affected by the general economic conditions in PRC, the prevailing interest rates and the construction costs. In the event that we are unable to identify new land sites for development into marketable property projects, this would have an adverse effect on our turnover and profitability. Further, if we are unable to sell our unsold properties, we may incur further holding costs, including interest costs and maintenance costs, which may have an adverse effect on our financial performance.

We have to bear the problems related to resettlement associated with our property developments

When we obtain land use rights for our property development projects from the PRC government, a land premium is payable and resettlement costs are usually included in such land premium. Pursuant to the City Housing Resettlement Administration Regulations and the applicable local regulations, a property developer in the PRC usually enters into written agreements with the owners or residents of existing buildings to be demolished for development to provide compensation for their relocation and resettlement. The amount of such compensation is calculated by applying the prescribed compensation formulae provided by the relevant provincial authorities. When we purchase land use rights in respect of any land that is occupied, any delay or difficulty in the resettlement process, which can sometimes be quite complicated, may cause a delay in the delivery of the land use rights to us in whole or in part and may require an increase in the fees payable in connection with the resettlement process. In addition, there is no assurance that the relevant provincial authorities will not change their compensation formulae. In the event of any change to the compensation formulae, land acquisition costs may be subject to substantial increases which could adversely affect our results of operations and financial condition. As at 22 March 2010, we have paid approximately RMB58.8 million in relation to resettlement for the Zizhulin Commercial Development and Sunny International Project in Cangzhou. The resettlement process and the amount of compensation payable is on a case-by-case basis and we are still in the midst of negotiations with the remaining occupants of the lands. If we fail to reach agreements with the owners or residents on the amount of compensation payable, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay the completion schedule of our projects and increase our operating costs. Please refer to "Annex C — Description of Relevant PRC Laws and Regulations" of this Prospectus for more details of the abovementioned PRC laws and regulations.

Our business and financial performance may be adversely affected if we fail to obtain, or if there are material delays in obtaining, requisite governmental approvals for our land acquisitions and property developments

The real estate industry in the PRC is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. We cannot assure you that we will not encounter problems in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If we fail to obtain relevant approvals or fulfill the conditions of those approvals for a significant number of our property developments, these developments may not proceed on schedule, and our business and financial performance may be adversely affected.

Changes in tax laws, regulations, policies, concessions and treatment may materially and adversely affect our financial condition and results of operations

Currently, we are subject to various tax regulations with regard to our PRC property development business, such as corporate income tax (企业所得税), business tax (营业税) and land appreciation tax (土地增值税), etc. We are also subject to a series of requisite licenses/permits, such as qualification certificate for real estate development enterprise, land use right certificate, permit for construction project planning, permit for construction project commencement, etc. In the event that there is any change in the tax laws, regulations, policies, concessions and treatment (including any retrospective change of the basis or to the agreement reached with the local government as aforesaid), our profits may be affected adversely, resulting in a material and adverse effect on our financial condition and results of operations.

We are exposed to risks of default by purchasers of our units

In our property development business, we have entered into arrangements with various domestic banks in the PRC to provide loans and mortgage facilities to the purchasers of our property units. In line with consumer banking practices in the PRC, if the relevant property ownership certificates for these units have not been received, we would often be required to provide guarantees in respect of these facilities. Such guarantees provided by us can only be released and discharged after the relevant individual property ownership certificates and certificates of other interests in the property are issued and given to the mortgagee banks on behalf of the purchasers.

As such, during the period of guarantee, if a purchaser defaults on a loan and we are unable to sub-sell the property in question to another purchaser, we would have to pay the entire outstanding principal amount of the loan, together with all accrued interest thereon, owing by the purchaser to the relevant mortgagee bank. As at the Latest Practicable Date, we have experienced default by two purchasers on their respective loans which we have provided guarantees for. The aggregate amount of loans together with all interest accrued thereto owing to the relevant banks by the purchasers was less than RMB 500,000. We paid the relevant amounts to the relevant banks from the sales proceeds previously received and re-possesed the property units. The sale and purchase agreements with the two purchasers were terminated and we collected penalty for default of contract from the purchasers. Although we have not been materially adversely affected by such defaults, if there should be substantial defaults on the loans during the period of the guarantee and the guarantee is called upon, our financial condition and results of operations may be materially and adversely affected. As at 31 December 2009, we have provided guarantees in respect of mortgages provided to our customers amounting to approximately S$8.0 million.

We are exposed to the risk of being unable to collect rent from our tenants

Some of our unsold property development units are leased to tenants pending the sale of such units. We may experience delays in the collection of rent or even non-payment of rent due to various reasons including but not limited to the bankruptcy or insolvency of a tenant, which would impede our ability to collect rent. We may also not be able to collect rent from properties which are under renovation or repair where such renovation or repair causes the properties to be untenantable or unfit for occupation. The inability to collect rent in such circumstances as aforesaid could adversely affect our financial performance.

Our unsold property development assets may be illiquid

It is common for a proportion of the units in a property development project to continue to remain unsold for a period after completion. While our policy is to try to sell all units in our property development projects within one to two years of completion, our unsold property development assets are relatively illiquid prior to their sale. Such illiquidity limits our ability to convert our unsold property development assets into cash on short notice. Such illiquidity may also have a negative effect on determining the selling prices of our unsold completed property development assets in the event that we require a quick sale of these assets.

We may face claims for delays and defective works

It is common in the property development business that claims relating to delays and defective works are sometimes made against us by the purchasers and the management corporations of such properties. Claims may also be made against us by the owners or occupiers of neighbouring properties in respect of the use and enjoyment of such properties.

Our business and financial position will be affected if we have to pay a significant amount of compensation or spend a significant amount of resources on legal costs in the event of legal proceedings. Our reputation may also be adversely affected as a result of such proceedings.

We may be subject to limitations of property valuations

The valuations of our properties set out in this Prospectus are conducted by professional valuers. The valuations are based on certain assumptions and are not intended to be a prediction of the actual values likely to be realised by our Group from these investments. The valuations of our properties will be adversely affected by unfavourable changes in economic or regulatory conditions or other relevant factors which could affect such valuations.

We may face claims as a result of our reliance on contractors

As we can commence selling units of our property development projects before the completion of the same, we may face claims from the end purchasers in the event that the contractors we engage do not manage to complete the projects in time for handover. If we need to compensate the end purchasers as a result of such delays, our business, reputation and financial position may be affected.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Future sale of our Shares by our Company or Substantial Shareholders could adversely affect our Company's share price

Any future sale or excessive availability of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section entitled "Moratorium" of this Prospectus, there will be no restriction on the ability of our Substantial Shareholders to sell their Shares either on the SGX-ST or otherwise.

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there has been no public market for our Shares. Therefore, we cannot assure investors that an active public market will develop or be sustained after the Invitation. The Issue Price was arrived at after consultation between our Company and the Manager, Underwriter and Placement Agent and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the New Shares. The Issue Price may not be indicative of prices that may prevail in the trading market after the Invitation. Investors may not be able to sell their Shares at or above the Issue Price. The volatility in the trading price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our financial results.

Control by certain Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the Invitation, our Substantial Shareholders, Tiong Seng Shareholdings and PTC, will hold approximately 66.9% (directly) of our enlarged issued share capital. As a result, these Substantial Shareholders will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner which may not be in line with the interests of our public Shareholders. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by the rules of the Listing Manual, the SGX-ST or undertakings given by them (as described in the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Conflicts of Interest" of this Prospectus) to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit Shareholders.

Investors in our Shares will face immediate and substantial dilution in the book value per Share and may experience future dilution

Our Issue Price of 28.0 cents is substantially higher than our Group's NAV per Share of 17.7 cents (based on the NAV of our Group as at 30 September 2009 and adjusted for the Sub-division of Shares, the interim dividend of S$6 million declared on 31 December 2009 and estimated net proceeds from the issue of the New Shares). If we were liquidated based on NAV immediately following this Invitation, each Shareholder subscribing to this Invitation would receive less than the price they paid for the New Shares. Further details are set out under the section entitled "Dilution" of this Prospectus.

In addition, we intend to issue awards under our Tiong Seng Share Award Scheme. To the extent that such awards are released and new Shares are issued pursuant to such release of awards, there will be further dilution to investors participating in the Invitation. Further details of the Tiong Seng Share Award Scheme are described under the section entitled "Directors, Management and Staff — Tiong Seng Share Award Scheme" of this Prospectus and in "Annex J — Rules of Tiong Seng Share Award Scheme" of this Prospectus where the rules of the Award Scheme are set out.

Our Share price may fluctuate following the Invitation

The market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

(a) variations of our operating results;

(b) success or failure of our management team in implementing business and growth strategies;

(c) changes in securities analysts' recommendation, perceptions or estimates of our financial performance;

(d) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;

(e) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Singapore;

(f) additions or departures of key personnel;

(g) fluctuations in stock market prices and volume; or

(h) involvement in litigation.

We may require additional funding for our future growth

In view of the fast changing business requirements and market conditions, certain business opportunities that may increase our revenue may arise from time to time and we may be required to expand our capabilities and business through acquisitions, joint ventures or strategic partnerships with parties who can add value to our business. Such funding, if raised through the issuance of equity or securities convertible into equity may result in a dilution of our Shareholder's equity, particularly if issued at a discount to the then prevailing market price of our Shares. If we fail to use the new equity to generate a commensurate increase in earnings, our EPS may be diluted and this could lead to a decrease in our Share price.

Alternatively, if our funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to pursue our growth plans;

- require us to dedicate a substantial portion of our cash flow from our operations to payment of our debt, thereby reducing the availability of our cash flow to fund other capital expenditure, working capital requirements and other general corporate purposes; and

- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Negative publicity relating to our Group or any of our Directors, Executive Officers or Substantial Shareholders may adversely affect our share price

The change in controlling ownership of our Company may generate negative publicity which might adversely affect our share price.

In addition, any negative publicity or announcements relating to our Group, any of our Directors, Executive Officers or Substantial Shareholders may adversely affect the stock market's perception of our Company, whether or not this is justified. Some examples are unsuccessful attempts at joint ventures, takeovers or involvement in insolvency proceedings.

USE OF PROCEEDS FROM THE INVITATION AND EXPENSES INCURRED

Net proceeds from the issue of the New Shares

The net proceeds attributable to us from the issue of the New Shares (after deducting the estimated expenses in relation to the Invitation of approximately S$4.9 million) will be approximately S$48.0 million.

We intend to utilise the gross proceeds from the issue of the New Shares as follows:

Purpose	Estimated amount (S$'000)	Amount allocated for each dollar of the proceeds raised by our Company from the Invitation (as a% of the gross proceeds)
Construction of pre-casting facilities	20,000	37.8
Expansion of our property development business in the PRC(1)	17,000	32.1
Repayment of outstanding sums owing to affiliated corporations(2)	9,000	17.0
Working capital	2,032	3.8
Invitation expenses		
Listing fees	75	0.1
Professional fees	3,055	5.9
Underwriting commission, placement commission and brokerage	1,588	3.0
Miscellaneous	170	0.3
	52,920	100.0

Notes:

(1) This will be used for acquisition of new property development sites.

(2) Approximately S$3.0 million will be used to repay the loan amounting to USD2.1 million which was provided by Solid Resources Investments to Chang De Investment. The loan is unsecured, interest free and repayable on demand. As at the Latest Practicable Date, USD2.1 million of the loan remains outstanding.

In addition, approximately S$3.3 million will be used to repay the outstanding loan owing by Tianjin Zizhulin to Xiamen Huicheng. The loan amounting to RMB26.9 million from Xiamen Huicheng was obtained via a funded entrusted contract entered into between Xiamen Huicheng and Northern International Trust on 15 July 2008. Pursuant to such contract, Xiamen Huicheng entrusted Northern International Trust to grant an unsecured loan amounting to RMB26.9 million to Tianjin Zizhulin at an effective interest rate of 8% per annum. The loan must be repaid by Tianjin Zizhulin by 15 July 2010. As at the Latest Practicable Date, RMB15.9 million of the loan remains outstanding.

Both loans were used for our property development projects in the PRC.

The remaining sum, amounting to approximately S$2.7 million, will be used to repay part of the consideration of RMB15.1 million owing by Tianjin Zizhulin to Xiamen Huicheng for the purchase of 11.5% of the shares in Tianjin Zizhulin Investment pursuant to the share transfer agreement entered into between Tianjin Zizhulin and Xiamen Huicheng on 30 December 2009. Pursuant to the share transfer agreement, the consideration must be repaid by Tianjin Zizhulin on or before 4 December 2011.

Please refer to the section entitled "Interested Person Transactions and Potential Conflicts of Interest" of this Prospectus for more details.

All Invitation expenses will be borne by our Company.

Please refer to the section entitled "Prospects, Trends, Business Strategies and Future Plans" of this Prospectus for more details.

If the Over-allotment Option is exercised by the Manager, we shall use the net proceeds arising therefrom for our working capital requirements.

Pending the deployment of the net proceeds as aforesaid, the net proceeds will be added to our Group's working capital or used for investment in short-term money market instruments as our Directors may in their absolute discretion deem appropriate. In addition, we will disclose material disbursements of the net proceeds via SGXNET and provide a status update on the use of the net proceeds in our annual report(s).

In the opinion of our Directors, no minimum amount must be raised from the Invitation. In the event the Invitation is cancelled, such amounts proposed to be provided for the items above will be financed by bank loans and/or funds generated from our operations.

Pursuant to the Management and Underwriting Agreement dated 7 April 2010 (the "Management and Underwriting Agreement") entered into between our Company and the Manager, our Company appointed the Manager to manage the Invitation and the Underwriter to underwrite the Offer Shares.

The Manager will receive a management fee from our Company for its services rendered in connection with the Invitation. The Underwriter has agreed to underwrite subscription of the Offer Shares on the terms and conditions in the Management and Underwriting Agreement. Our Company agreed to pay to the Underwriter an underwriting commission of 3.00% of the aggregate Issue Price for the total number of New Shares underwritten by the Underwriter in accordance with its underwriting commitment in the Management and Underwriting Agreement. In addition, our Company may at its discretion, pay to the Underwriter an additional incentive fee of up to 0.25% of the aggregate gross proceeds of the Invitation (including those relating to any over-allotment). Payment of the underwriting commission shall be made whether or not any allotment and issue of the Offer Shares is made to the Underwriter or its nominees. The Underwriter may, at its absolute discretion, appoint one or more sub-underwriters to sub-underwrite the Offer Shares.

Pursuant to the placement agreement (the "Placement Agreement") dated 7 April 2010 entered into between our Company and the Placement Agent, the Placement Agent agreed to subscribe for and/or purchase, or procure subscribers and/or purchasers for the Placement Shares at the Issue Price, at an aggregate placement commission of 3.00% of the aggregate Issue Price for the total number of Placement Shares that the Placement Agent has agreed to subscribe for and/or purchase or procure subscribers and/or purchasers in accordance with its placement commitment. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

For Offer Shares, brokerage fees at the rate of 0.25% of the Issue Price for each Offer Share will be paid by our Company to the members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, and to the Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or Internet banking websites (save that in respect of DBS Bank, the brokerage payable by our Company is 0.50% of the Issue Price per Offer Share subject to a minimum amount of S$10,000).

Subscribers and/or purchasers of the Placement Shares may be required to pay a commission of up to 1.00% of the aggregate Offer Price for the total number of Placement Shares (including prevailing goods and services tax, if applicable).

Save as aforesaid, no commission, discount, or brokerage, has been paid or other special terms granted by our Company within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing and/or purchasing or agreeing to subscribe and/or purchase or procuring or agreeing to procure subscriptions for and/or purchase of any shares in or debentures of our Company or our subsidiaries.

If there shall have been, since the date of the Management and Underwriting Agreement and prior to closing date, the occurrence of certain events including, *inter alia*:

(a) the issue of a stop order by the Authority in accordance with Section 242 of the Securities and Futures Act;

(b) any breach of the warranties or undertakings by the Company in the Management and Underwriting Agreement;

(c) any occurrence of certain specified events (described in the Management and Underwriting Agreement) which comes to the knowledge of the Manager and/or the Underwriter which if it had occurred before the date of the Management and Underwriting Agreement would have rendered any of the warranties in the Management and Underwriting Agreement untrue or incorrect in any material respect;

(d) any adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise) of our Company or of our Group as a whole;

(e) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, ACRA, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore;

(f) any change, or any development involving a prospective change, or any crisis in local, national or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls;

(g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST;

(h) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities whether war has been declared or not, insurrection or armed conflict (whether or not involving financial markets and including but not limited to any act of terrorism);

(i) any change in foreign exchange controls in Singapore or overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such conditions;

(j) any other occurrence of any nature whatsoever; or

(k) any litigation or claim being threatened or instigated by any third party against any member of our Group, which will or is likely to result in our Group incurring liability which is material to our Group as a whole,

which event or events shall in the reasonable opinion of the Manager and/or the Underwriter (i) result or be likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or elsewhere; or (ii) be likely to prejudice the success of the offer, subscription or sale of the New Shares whether in the primary market or in respect of dealings in the secondary market; or (iii) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or (iv) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or our Group as a whole, the Manager and/or the Underwriter may at any time prior to the closing date by notice in writing to our Company rescind or terminate the Management and Underwriting Agreement.

Notwithstanding the foregoing, the Manager and/or the Underwriter may by notice in writing to our Company terminate the Management and Underwriting Agreement if:

(a) at any time up to the commencement of trading of the Shares on the SGX-ST, a stop order shall have been issued by the Authority in accordance with Section 242 of the SFA; or

(b) at any time after registration of the Prospectus by the Authority but before the close of the Application List, the Manager and/or the Underwriter becomes aware of:

— a false or misleading statement or matter in the Prospectus;

— an omission from the Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

— a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in the Prospectus if it had arisen before the Prospectus was lodged,

that is in the opinion of the Manager and/or the Underwriter, materially adverse from the point of view of an investor; or

(c) the New Shares have not been admitted to the Official List of the SGX-ST on or before 16 April 2010 (or such other date as our Company, the Manager and/or the Underwriter may agree).

The obligations under the Placement Agreement are conditional upon, among other things, the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement. In the case of the non-fulfilment of any of the conditions in the Management and Underwriting Agreement or the release or discharge of the Manager and/or the Underwriter from their obligations under or pursuant to the Management and Underwriting Agreement, the Placement Agreement shall be terminated and the parties shall be released from their respective obligations under the Placement Agreement.

In the event that the Management and Underwriting Agreement and/or the Placement Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel this Invitation.

DBS Bank engages in transactions with and performs services for us in the ordinary course of business and has engaged, and may in the future engage, in commercial banking and/or investment banking transactions with us, for which it has received, and may in future, receive customary fees. DBS Bank is also our receiving bank.

Save as disclosed above, the Manager, Underwriter and Placement Agent does not have any material relationship with our Company.

CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 31 December 2009, based on our unaudited management accounts of the Group as at 31 December 2009 (as adjusted for the interim dividend of S$6 million) and as adjusted for the Restructuring Exercise as well as the net proceeds from the issue of the New Shares.

You should read this table in conjunction with Annexes F and G of this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus.

	As at 31 December 2009 (as adjusted for the interim dividend of S$6 million) (S$'000)	**As adjusted for the Restructuring Exercise and the net proceeds from the Invitation and the intended use of such proceeds (S$'000)**
Cash and cash equivalents[1]	32,841	74,567
Indebtedness		
Current		
Borrowings:		
Secured & guaranteed	18,394	18,394
Secured & non-guaranteed	1,074	1,074
Unsecured & non-guaranteed	6,593	327
	26,061	19,795
Non-current		
Borrowings:		
Secured & guaranteed	14,796	14,796
Secured & non-guaranteed	7,236	7,236
Unsecured & non-guaranteed	6,120	3,444
	28,152	25,476
Total Indebtedness	54,213	45,271
Shareholders' Equity		
Share capital	20,000	99,836
Share application monies[2]	—	51,332
Accumulated profits	79,099	78,435
Reserves	(1,518)	(79,099)
Total shareholders' equity	97,581	150,504
Total capitalisation and indebtedness	151,794	195,775

Notes:

(1) This includes pledged deposit of approximately S$1.3 million for banking facilities granted to one of our subsidiaries.

(2) This excludes the underwriting commission, placement commission and brokerage of approximately S$1.6 million.

As at 31 December 2009, we had facilities amounting to S$224.6 million comprising utilised facilities of S$174.0 million and unutilised facilities of S$50.6 million. For the period beginning 1 January 2010 up till the Latest Practicable Date, S$14.6 million of the unutilised facilities had been utilised.

Contingent Liabilities

As at the Latest Practicable Date, our Group's contingent liabilities are as follows:

(1) In 2004, a claim was made by an unrelated third party against one of our Singapore subsidiaries, Tiong Seng Contractors, by way of arbitration for the sum of approximately S$2.5 million for alleged losses and damages arising from a project. In this arbitration, Tiong Seng Contractors is making a counterclaim of approximately S$0.4 million for, amongst other things, additional work that was carried out and costs spent on the rectification of defective work. The arbitration is still in progress. We have made a provision of approximately S$0.8 million since FY2004;

(2) We have entered into arrangements with various domestic banks in the PRC to provide loans and mortgage facilities to the purchasers of our property units. In line with consumer banking practices in the PRC, these banks require us to provide guarantees in respect of these facilities offered to these purchasers if the relevant property ownership certificates for these units have not been received. Our guarantees are released and discharged after the relevant individual property ownership certificates and certificates of other interests in the property are issued and given to the mortgagee banks on behalf of the purchasers. During the period of guarantee, if a purchaser defaults on a loan and we are unable to sub-sell the property in question to another purchaser, we would have to pay the entire outstanding principal amount of the loan, together with all accrued interest thereon, owing by the purchaser to the relevant mortgagee bank. As at 31 December 2009, we have provided guarantees in respect of mortgages provided to our customers amounting to approximately S$8.0 million; and

(3) On 22 February 2008, Tiong Seng Contractors provided a corporate guarantee to Maybank (PNG) for banking facilities of an aggregate amount of Kina 6.4 million (equivalent to approximately S$3.4 million as at the Latest Practicable Date) granted to TSC (PNG).

Capital Commitments

As at the Latest Practicable Date, we had the following material capital commitments:

(1) RMB488 million (equivalent to approximately S$101.7 million as at the Latest Practicable Date) for the purchase of the land use rights of a piece of land of approximately 32.5 hectares from Tianjin City Dagang Property Development Company (天津市大港房地产开发公司) in June 2008 for our development in Dagang, PRC, under Tianjin Zizhulin Nanxi. An amount of RMB338 million is to be paid when the transfer of the land use rights to Tianjin Zizhulin Nanxi is completed. A total of RMB227 million (equivalent to approximately S$47.3 million as at the Latest Practicable Date) has been paid by Tianjin Zizhulin Nanxi as at the Latest Practicable Date and the balance payment of RMB111 million is to be paid by the minority shareholders of Tianjin Zizhulin Nanxi. The remaining amount of the purchase price of RMB150 million is payable after Tianjin Zizhulin Nanxi obtains the construction permit and other relevant approvals, and will be funded by bank loans and/or cash generated from the pre-sale activities of the project;

(2) S$1.5 million uncalled share capital in an unquoted equity investment, United Land. United Land was formed to develop a township project in Ho Chi Minh, Vietnam. The shareholders have committed a total of S$20 million in share capital, with an initial paid up capital of S$10 million. As the project did not take off subsequently, United Land invested the funds in a company which owns and manages a service apartment in Vietnam and there were no further calls on the balance unpaid capital. United Land is currently in the process of doing a capital reduction to cancel the uncalled share capital[(1)]. We own 15% of United Land;

(3) our share of the proposed capital contribution into Tianjin Sheng Jing. As mentioned in the section entitled "Group Structure" of this Prospectus, the total proposed capital contribution into Tianjin Sheng Jing by its shareholders is RMB160 million. Our interest in Tianjin Sheng Jing is 49% for the purposes of incorporation and based on this, our share of the capital contribution is approximately RMB78.4 million (equivalent to approximately S$16.3 million as at the Latest Practicable Date). RMB4.9 million of the capital contribution has already been paid in March 2010, and RMB36.1 million of the capital contribution would have to be provided by the end of April 2010 which will be financed by cash generated from operations. We are in the midst of discussions with a third party to participate in this joint venture and expect our interest to be further diluted. It is our intention that the remaining RMB37.4 million of our commitment will be funded by the third party. Our discussions with the third party is likely to conclude by the 2nd quarter of 2010; and

(4) approximately S$3.4 million for the purchase of plant and machinery by our subsidiary, Tiong Seng Contractors, expected to be delivered by the 2nd quarter of 2010. Bank financing of S$2.4 million has already been obtained to finance this purchase and the balance will be financed by cash generated from operations.

Note:

(1) As at the date of this Prospectus, the capital reduction exercise to cancel the unpaid share capital has been completed.

Lease Commitments

As at 31 December 2009, our operating lease commitments were as follows:

	S$'000
Within one year	367
After one year but within five years	483
After five years	249

Others

Save as disclosed above and in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" of this Prospectus, as at the Latest Practicable Date, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

DIVIDEND POLICY

The details of the declared and paid net dividends of our subsidiaries for FY2006, FY2007, FY2008, 1H2009 and FP2009 are as follows:

	FY2006		FY2007		FY2008		1H2009		FP2009	
	Total (S$'000)	Per Share (S$)	Total (S$'000)	Per Share (S$)	Total (S$'000)	Per Share (S$)	Total (S$'000)	Per Share (S$)	Total (S$'000)	Per Share (S$)
Tiong Seng Contractors(1)	1,000	5.0	11,424	57.1	—	—	—	—	—	—
Steeltech	—	—	200	2.0	—	—	—	—	—	—
Suzhou Huisheng	—	—	140	N.A.(2)	—	—	—	—	—	—

Notes:

(1) As of 31 December 2009, an interim dividend amounting to approximately S$6 million has been declared by Tiong Seng Contractors. This interim dividend has been paid in March 2010. Save as disclosed above, no dividends have been declared or paid by our Company since incorporation and up to the Latest Practicable Date or by our subsidiaries in FY2006, FY2007, FY2008 and up to the Latest Practicable Date.

(2) As Suzhou Huisheng is a limited liability company (有限责任公司) incorporated in the PRC, its registered capital of USD6,000,000 is not broken down to individual shares.

We currently do not have a fixed dividend policy. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Any declaration and payment of dividends in the future will depend on, *inter alia*, our Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), and other factors deemed relevant by our Directors.

Any final dividend paid by us must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the amount recommended by our board of Directors. Our Directors may, without the approval of our Shareholders, also declare an interim dividend. We must pay all dividends out of profits or pursuant to Section 69 of the Companies Act which permits us to apply our accumulated profits to pay dividends in the form of Shares.

We will declare dividends if any, and make payment of such dividends in S$.

For information relating to taxes payable on dividends, please see "Annex H — Description of Singapore Law Relating to Taxation" of this Prospectus.

Save as disclosed above and under the section entitled "Risk Factors — PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from our PRC subsidiaries" of this Prospectus, there are no legal, financial or economic restrictions on the ability of a subsidiary of our Company to transfer funds to our Company in the form of cash dividends, loans or advances.

DILUTION

Dilution is the amount by which the Issue Price to be paid by the applicants for our New Shares exceeds our NAV per Share after the Invitation. The NAV per Share as at 30 September 2009 after adjusting for the Sub-division of Shares and the interim dividend of S$6 million declared on 31 December 2009 ("Adjusted NAV per Share") but before adjusting for the net proceeds from the issue of the New Shares and based on the pre-Invitation issued share capital of 564,995,750 Shares was 15.1 cents.

Based on the issue of 189,000,000 New Shares at the Issue Price of S$0.28 for each New Share pursuant to the Invitation and after deducting the estimated issue expenses to be paid by our Company in relation to the Invitation, the adjusted NAV of our Group as at 30 September 2009 would have been 17.7 cents per Share based on the post-Invitation issued share capital of 753,995,750 Shares. This represents an immediate increase in NAV of 2.6 cents per Share to our existing Shareholders and an immediate dilution in NAV of 10.3 cents per Share to applicants for our New Shares ("New Investors") pursuant to the Invitation. The following table illustrates such dilution on a per Share basis:

	30 September 2009 (cents)
Issue Price	28.0
Adjusted NAV per Share	15.1
Increase in NAV per Share contributed by New Investors	2.6
NAV per Share after the Invitation	17.7
Dilution per Share to New Investors	10.3

The following table summarises the total number of Shares issued by us, the total consideration paid to us and the average price per Share paid by our existing Shareholders (after adjusting for the Sub-division of Shares) and the New Investors:

	Number of Shares	**%**	**Consideration (S$'000)**	**Average price per Share (cents)[1]**
Directors				
Pek Ah Tuan	6,008,200	0.8	1,062	17.7
Executive Officers				
Andrew Khng	2,929,300	0.4	518	17.7
Substantial Shareholders				
PTC	52,769,200	7.0	9,324	17.7
Tiong Seng Shareholdings	451,996,600	59.9	79,869	17.7

	Number of Shares	%	Consideration (S$'000)	Average price per Share (cents)[1]
Other Shareholders				
Wan Seng	21,220,650	2.8	3,750	17.7
Lim Kim Eng	2,637,250	0.3	466	17.7
Lee Yew Sim	1,271,050	0.2	225	17.7
Low Seng Kar	208,450	n.m.[2]	37	17.7
Siah Ai Tin	1,466,850	0.2	259	17.7
Chua Bock Seng	1,104,400	0.1	195	17.7
Chua Kim Liong	1,095,600	0.1	194	17.7
Lee Bock Thong	2,200,000	0.3	389	17.7
Lee Hong Chuan	3,300,000	0.4	583	17.7
Lee Khar Hoon	5,500,000	0.7	972	17.7
Lee Keng Lan	4,758,600	0.6	841	17.7
Lee Lai Kiong	1,067,000	0.1	189	17.7
Low Sze Wee	3,991,900	0.5	705	17.7
Celine Khng Hong Eng	490,600	0.1	87	17.7
Theresa Khng	490,050	0.1	87	17.7
Monica Khng	490,050	0.1	87	17.7
Public	189,000,000	25.1	52,920	28.0

Notes:

(1) The average price per Share has been calculated after taking into consideration the share swap arrangements for the acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings and the acquisition of the entire equity interest in Tiong Seng Contractors by our Company. Please refer to the section entitled "Restructuring Exercise" of this Prospectus for further details of the share swap arrangements.

(2) Denotes "not meaningful".

RESTRUCTURING EXERCISE

Our Group was formed through the Restructuring Exercise which involved a series of acquisitions and the rationalisation of our corporate and shareholding structure. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purpose of the Invitation. The Restructuring Exercise involved the following transactions:

(a) Incorporation of our Company

On 15 April 2008, our Company was incorporated in Singapore as the listing vehicle and holding company of our Group with an issued and paid-up share capital of S$1.00 comprising one Share which was allotted and issued to our initial subscriber, Mr Pek Lian Guan. Mr Pek Lian Guan is the CEO and Executive Director of our Company.

(b) 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 entire issued share capital of Chang De Investment, comprising 400,000 ordinary shares, from Solid Resources Investments, for an aggregate consideration of approximately S$2.26 million.

The purchase consideration of S$2.26 million was arrived at after taking into consideration the NAV 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 PTC, the ultimate shareholder of Solid Resources Investments, on 18 March 2010. The value of the new shares issued in Tiong Seng Contractors was based on the NAV of Tiong Seng Contractors as at 30 June 2009.

(c) Acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings

Pursuant to a share swap agreement dated 18 March 2010, Tiong Seng Shareholdings acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,453 ordinary shares, from PTC, Pek Ah Tuan, Wan Seng, Lim Kim Eng, Lee Yew Sim, Siah Ai Tin, Chua Bock Seng, Chua Kim Liong, Lee Bock Thong, Lee Hong Chuan, Lee Khar Hoon, Lee Keng Lan, Lee Lai Kiong, Low Seng Kar, Low Sze Wee, Andrew Khng, Celine Khng Hong Eng, Theresa Khng and Monica Khng, for an aggregate consideration of approximately S$99.8 million.

The purchase consideration of approximately S$99.8 million was arrived at after taking into consideration the NAV 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 PTC, Pek Ah Tuan, Wan Seng, Lim Kim Eng, Lee Yew Sim, Siah Ai Tin, Chua Bock Seng, Chua Kim Liong, Lee Bock Thong, Lee Hong Chuan, Lee Khar Hoon, Lee Keng Lan, Lee Lai Kiong, Low Seng Kar, Low Sze Wee, Andrew Khng, Celine Khng Hong Eng, Theresa Khng and Monica Khng and the transfer of 1 share in the capital of Tiong Seng Shareholdings from Pek Lian Guan to Pek Ah Tuan. The new shareholders of Tiong Seng Shareholdings will hold shares in the following proportions:

Name of Allottee	**Number of Shares**	**Percentage (%)**
PTC	95,944	46.7
Pek Ah Tuan	10,924	5.3
Wan Seng	38,583	18.8
Lim Kim Eng	4,795	2.3
Lee Yew Sim	2,311	1.1
Siah Ai Tin	2,667	1.3
Chua Bock Seng	2,008	1.0
Chua Kim Liong	1,992	1.0
Lee Bock Thong	4,000	1.9
Lee Hong Chuan	6,000	2.9
Lee Khar Hoon	10,000	4.9
Lee Keng Lan	8,652	4.2
Lee Lai Kiong	1,940	0.9
Low Seng Kar	379	0.2
Low Sze Wee	7,258	3.5
Andrew Khng	5,326	2.6
Celine Khng Hong Eng	892	0.4
Theresa Khng	891	0.4
Monica Khng	891	0.4
Total	**205,453**	**100***

* Total does not add up due to rounding.

(d) Transfer of the entire equity interest in Suzhou Huisheng to Chang De Investment

On 16 March 2010, Tiong Seng Contractors transferred its entire equity interest of USD6,000,000 in Suzhou Huisheng to Chang De Investment for a consideration of USD6,000,000.

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

Pursuant to a share swap agreement dated 18 March 2010, our 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 S$99.8 million was arrived at after taking into consideration the NAV of Tiong Seng Contractors as at 31 December 2009 and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of an aggregate of 1,027,264 Shares in the capital of our Company, credited as fully paid, to Tiong Seng Shareholdings and its nominees (being the existing shareholders of Tiong Seng Shareholdings) and the transfer of 1 share in the capital of our Company from Pek Lian Guan to Pek Ah Tuan. The new shareholders of our Company will hold shares in the following proportions:

Name of Allottee	**Number of Shares**	**Percentage (%)**
Tiong Seng Shareholdings	821,812	80.0
PTC	95,944	9.3
Pek Ah Tuan	10,924	1.1
Wan Seng	38,583	3.8
Lim Kim Eng	4,795	0.5
Lee Yew Sim	2,311	0.2
Siah Ai Tin	2,667	0.3
Chua Bock Seng	2,008	0.2
Chua Kim Liong	1,992	0.2
Lee Bock Thong	4,000	0.4
Lee Hong Chuan	6,000	0.6
Lee Khar Hoon	10,000	1.0
Lee Keng Lan	8,652	0.8
Lee Lai Kiong	1,940	0.2
Low Seng Kar	379	0.0
Low Sze Wee	7,258	0.7
Andrew Khng	5,326	0.5
Celine Khng Hong Eng	892	0.1
Theresa Khng	891	0.1
Monica Khng	891	0.1
Total	**1,027,265**	**100***

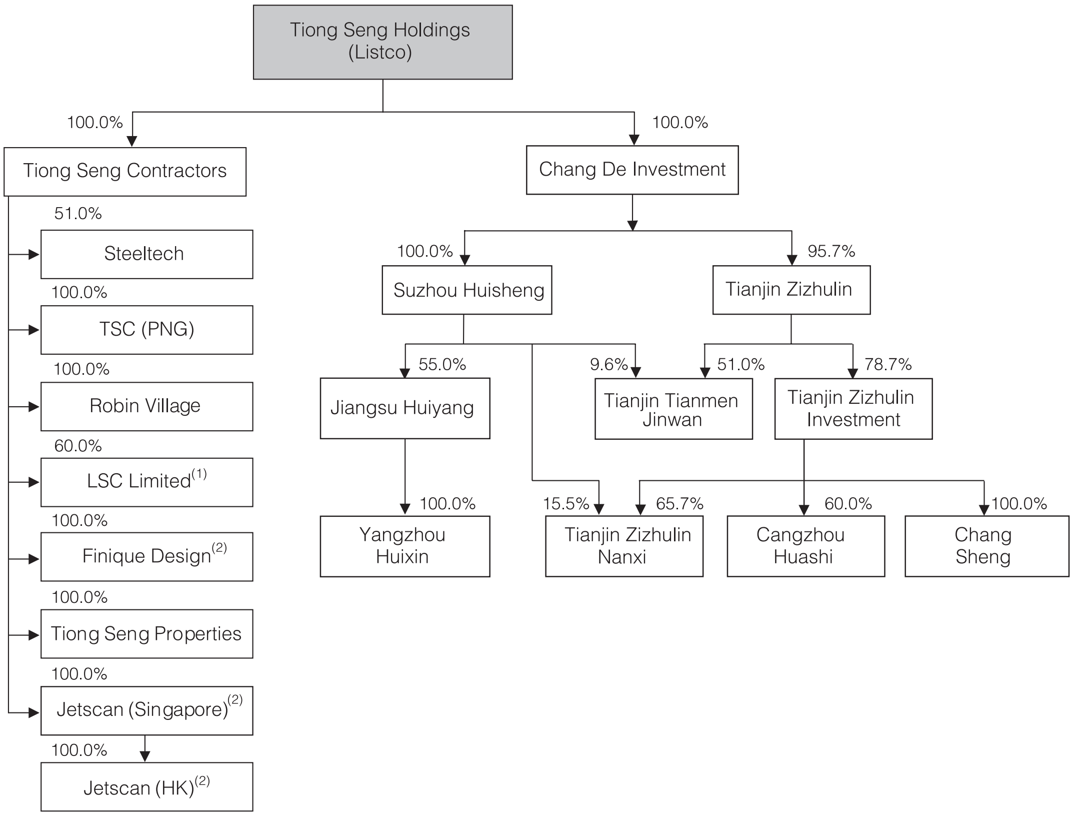
* Total does not add up due to rounding.

(f) Transfer of entire equity interest in Chang De Investment to our 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 our Company, for a consideration of approximately S$5.6 million such that our Company owns 100% of the equity interest in Chang De Investment.

GROUP STRUCTURE

Our Group structure as at the date of this Prospectus is as follows:



Notes:

(1) It is the intention of the Group to dissolve this Company as soon as possible.

(2) This is a dormant company which currently does not engage in any business activities.

The details of each subsidiary of our Company as at the Latest Practicable Date were as follows:

Name of company	Date and country of incorporation/ registration	Principal activities	Principal place of business	Registered capital/ contributed capital	% owned
Chang De Investment	1 April 2005/ Singapore	Investment holding	Singapore	S$1,000,000/ S$1,000,000	100.0
Finique Design[1]	13 September 2000/Singapore	Interior design services/ renovation works	Singapore	S$10,000/ S$10,000	100.0
Jetscan (Singapore)[1]	12 February 1998/ Singapore	Rehabilitation of water/gas pipe line & sewer construction, rehabilitation of sewerage and other pipes	Singapore	S$1,000,000/ S$1,000,000	100.0
Robin Village	25 September 1984/Singapore	Pre-casting	Singapore	S$2,200,000/ S$2,200,000	100.0

GROUP STRUCTURE

Name of company	Date and country of incorporation/ registration	Principal activities	Principal place of business	Registered capital/ contributed capital	% owned
Steeltech	21 October 1976/ Singapore	Construction engineering sub-contracting works for fabrication, supply and installation of pre-cast mould, metalwork, steelwork and aluminium works	Singapore	S$100,003/ S$100,003	51.0[2]
Tiong Seng Contractors	22 September 1964/Singapore	Construction works	Singapore	S$22,255,184/ S$22,255,184	100.0
Tiong Seng Properties	12 May 1975/ Singapore	Investment holding	Singapore	S$1,107,605/ S$1,107,605	100.0
Jetscan (HK)[1]	19 July 2000/HK	Sewer pipes rehabilitation works	Hong Kong	HKD10,000/ HKD10,000	100.0
LSC Limited	11 June 1999/Lao PDR	Production of concrete/ construction works	Lao PDR	USD3,217,406/ USD3,217,406	60.0[3]
TSC (PNG)	30 December 1994/PNG	Construction works and rental of equipment	PNG	Kina1,000,000/ Kina1,000,000	100.0[4]
Cangzhou Huashi	23 June 2005/PRC	Property development	PRC	RMB50,000,000/ RMB50,000,000	60.0[5]
Chang Sheng	28 December 2009/PRC	Project management consulting	PRC	RMB1,000,000/ RMB1,000,000	100.0
Jiangsu Huiyang	13 August 2003/ PRC	Property development	PRC	RMB50,000,000/ RMB50,000,000	55.0[6]
Suzhou Huisheng	6 July 1994/PRC	Property development	PRC	USD6,000,000/ USD6,000,000	100.0
Tianjin Tianmen Jinwan	8 May 2005/PRC	Property development	PRC	RMB10,000,000/ RMB10,000,000	60.6[7]
Tianjin Zizhulin	12 December 2003/PRC	Property development	PRC	USD23,000,000/ USD23,000,000	95.7[8]
Tianjin Zizhulin Nanxi	12 May 2008/PRC	Investment in real estate development	PRC	RMB200,000,000/ RMB200,000,000	81.2[9]
Tianjin Zizhulin Investment	2 January 2008/ PRC	Investment holding	PRC	RMB164,000,000[10]/ RMB149,000,000	78.7[10]
Yangzhou Huixin	10 April 2006/PRC	Commercial property management and real estate mediatory services	PRC	RMB1,000,000/ RMB1,000,000	100.0

The details of each of our associated and investee companies as at the Latest Practicable Date were as follows:

Name of company	Date and country of incorporation/ registration	Principal activities	Principal place of business	Registered capital/ contributed capital	% owned
Held by Tiong Seng Contractors					
Kajima − Tiong Seng Joint Venture (Partnership)	28 February 2008/ Singapore	Construction works	Singapore	N.A.	40.0[11]
GS E&C − TSC JV (Partnership)	17 December 2009/Singapore	Construction works	Singapore	N.A.	30.0[12]
Samsung − Tiong Seng Joint Venture (Partnership)	10 April 2002/ Singapore	Mixed construction activities	Singapore	N.A.	30.0
Sindia	4 February 2003/ Singapore	Other investment holding	Singapore	S$400,000/ S$400,000	25.0[13]
Tiong Seng-Dong-A Consortium/Singapore (Partnership)	9 July 2002/ Singapore	(1) Infrastructure engineering services (2) General contractors (building and civil engineering construction including major upgrading works)	Singapore	NA	NA[14]
United Land	19 February 1973/ Singapore	General wholesale trade and investment holding	Singapore	S$20,000,000[15]/ S$10,000,000	15.0[15]
CHTN India Joint Venture	20 February 2003/ India	Construction works	India	Rs 20,000,000/ Rs 100,000	25.0[16]
Tri Union	10 July 2007/ United Arab Emirates	Construction works	United Arab Emirates	AED 25,000,000/ AED25,000,000	10.0[17]
Held by Suzhou Huisheng					
Fierce (Suzhou)	2 December 2005/ PRC	Advertising and related business	PRC	RMB500,000/ RMB500,000	40.0[18]
Held by Tianjin Zizhulin Investment					
Tianjin Deqin	9 September 2009/PRC	Catering management, management consulting, and conference and labour service	PRC	RMB800,000/ RMB800,000	45.0[19]
Held by Chang De Investment					
Tianjin Sheng Jing	29 January 2010/ PRC	Real estate development	PRC	RMB160,000,000/ Nil	49.0[20]

Notes:

(1) This is a dormant company which does not engage in any business activities.

(2) The remaining shareholder of Steeltech is Tonie Ong Pang Eng (49%), who is not related to any of our Directors, Shareholders and Executive Officers.

(3) The remaining shareholder of LSC Limited is the Government of Lao PDR as represented by the Ministry of Communication, Transport, Post and Construction (40%), which is not related to any of our Directors, Shareholders and Executive Officers.

(4) Tiong Seng Contractors owns 999,999 shares in TSC (PNG) and the remaining one share is held by one of our Executive Officers, Mr Pek Dien Kee.

(5) The remaining shareholder of Cangzhou Huashi is Tianjin Jiurong Chuangzhan Investment Consulting Co., Ltd (天津久荣创展投资咨询有限公司) (40%), which is not related to any of our Directors, Shareholders and Executive Officers.

(6) The remaining shareholder of Jiangsu Huiyang is Yangzhou City Urban Construction State-owned Assets Holdings (Group) Co., Ltd (杨州市城建国有资产控股(集团)有限公司) (45%), which is not related to any of our Directors, Shareholders and Executive Officers.

(7) Pursuant to the loan agreement dated 23 September 2009, the shareholding entrusted agreements and the letter of confirmation from Northern International Trust (the “Agreements”), Tianjin Zizhulin and Suzhou Huisheng transferred their collective interest, amounting to 60.6% of the entire equity interest in Tianjin Tianmen Jinwan, to Northern International Trust as a form of security for the loan amounting to RMB72 million (equivalent to approximately S$15.0 million as at the Latest Practicable Date) from Northern International Trust to Tianjin Zizhulin Investment. The terms and conditions of the Agreements provide that Northern International Trust will re-transfer the shares back to Tianjin Zizhulin and Suzhou Huisheng at no consideration upon the repayment of loan and the relevant interest payable by Tianjin Zizhulin Investment to Northern International Trust on or before 23 March 2011. Notwithstanding this, Tianjin Tianmen Jinwan remains a subsidiary of our Group. This is because section 5(3)(d) of the Singapore Companies Act (Chapter 50) provides that Tianjin Tianmen Jinwan shall not be considered as a subsidiary of Northern International Trust simply by virtue of the fact that Northern International Trust, a company which engages in the lending of money and trust business in its ordinary course of business, holds the shares of Tianjin Tianmen Jinwan on trust for Tianjin Zizhulin and Suzhou Huisheng by way of security for the purposes for the loan. The remaining shareholders of Tianjin Tianmen Jinwan are Tianjin City Tianmen Property Co., Ltd (天津市天门置业有限公司) (“Tianjin City Tianmen”) (33.0%) and Xiamen Huicheng (6.4%). The shareholdings of these two companies in Tianjin Tianmen Jinwan have also been transferred to Northern International Trust as security for the aforementioned loan. Tianjin City Tianmen is not related to any of our Directors, Shareholders and Executive Officers.

(8) The remaining shareholder of Tianjin Zizhulin is Tianjin City Tianmen (4.3%). Due to funds requirement for a property development project in the PRC, the shareholders of Tianjin Zizhulin were called upon to inject funds into Tianjin Zizhulin in November 2009. As Chang De Investment injected an additional sum of USD3.6 million into Tianjin Zizhulin on top of what it was required to inject, Tianjin City Tianmen’s shareholding interest in Tianjin Zizhulin was decreased from 20% to 4.3%. Notwithstanding this, it has been mutually agreed between Chang De Investment and Tianjin City Tianmen that their shareholding interests in Tianjin Zizhulin shall be that of 80% and 20% respectively. As such, Chang De Investment intends to enter into a sale and purchase agreement with Tianjin City Tianmen in or around March 2010 pursuant to which Tianjin City Tianmen will agree to purchase the shareholding interest of 15.6% in Tianjin Zizhulin from Chang De Investment at a consideration and within a period to be mutually agreed upon.

(9) The remaining shareholders of Tianjin Zizhulin Nanxi are Tianjin Nanxi Industry Group Co., Ltd (天津南希实业集团有限公司) (2.5%), Jiangsu Nantong Sanjian Engineering General Contracting Co., Ltd. (江苏南通三建工程总承包有限公司) (13.3%), Tianjin Fanyu Investment Co., Ltd (天津泛宇投资有限公司) (2.0%) and Tianjin Wanjia Construction Decoration Installation Engineering Co., Ltd. (天津市万佳建筑装饰安装工程有限公司) (1.0%), which are not related to any of our Directors, Shareholders and Executive Officers.

(10) As at the Latest Practicable Date, the issued capital of Tianjin Zizhulin Investment is RMB164,000,000 and the shareholders of Tianjin Zizhulin Investment are Tianjin Zizhulin (78.7%) and Tianjin City Tianmen (21.3%). Pursuant to a shareholders’ agreement to be entered into between Tianjin Zizhulin and Tianjin City Tianmen in or around March 2010, the issued share capital of Tianjin Zizhulin Investment will be increased to RMB200,000,000 on or before 31 December 2010. In addition, Tianjin City Tianmen will also agree to purchase additional shares in Tianjin Zizhulin Investment after the increase of issued share capital of Tianjin Zizhulin Investment on or before 31 December 2010 from Tianjin Zizhulin, such that the ultimate shareholders of Tianjin Zizhulin Investment will be Tianjin Zizhulin (81.0%) and Tianjin City Tianmen (19.0%). In the event that Tianjin City Tianmen is unable to fulfill its agreement to purchase the additional shares in Tianjin Zizhulin Investment, Tianjin City Tianmen will be subjected to a penalty, to be negotiated and mutually agreed upon.

(11) The remaining shareholder of Kajima − Tiong Seng Joint Venture is Kajima Overseas Asia Pte Ltd (60%), which is not related to any of our Directors, Shareholders and Executive Officers.

(12) The remaining shareholder of GS E&C − TSC JV is GS Engineering & Construction Corporation (70%), which is not related to any of our Directors, Shareholders and Executive Officers.

(13) Sindia does not currently hold any investment but provided services and support to a related Indian company, CHTN India Joint Venture, for a Singapore-class Township project at Pocharam in Andhra Pradesh, near Hyderabad, India. The remaining shareholders of Sindia are Hua Kok Realty (Private) Limited (25%), Cesma International Private Limited (25%) and NeoCorp Innovations Pte Ltd (25%), which are not related to any of our Directors, Shareholders and Executive Officers.

(14) There is no agreed ownership proportion between the parties to this joint venture and the joint venture party is not related to any of our Directors, Shareholders and Executive Officers. Both joint venture parties have mutually agreed to a prefixed formula to split the profits of the joint venture.

(15) United Land was initially set up to undertake a property development project in Singapore with some partners. After the completion of the project, as part of the intention of our Group to further develop our business overseas, we decided to seize the opportunity to develop a property in Vietnam via a partnership with local Vietnam partners. The remaining shareholders of United Land are PTC (15%), Lingco Marine Pte Ltd (5%), Feng Xing Investments Pte Ltd (10%), Ong King Sin Investment Pte Ltd (37.5%), Liaw Guan Chuan (2.5%), the estate of Yeo Boon Hong (10%) and Lai Boon Tuck (5%). With the exception of PTC, the other shareholders are not related to any of our Directors, Shareholders and Executive Officers. As at the date of this Prospectus, the registered capital of United Land has been reduced to S$10,000,000 pursuant to a capital reduction exercise to cancel the uncalled share capital.

(16) The remaining shareholders of CHTN India JV are Cesma International Private Limited (25%), Hua Kok Realty (Private) Limited (25%) and Neocorp Innovations Pte Ltd (25%). This joint venture was set up for the purposes of undertaking a residential township project in the city of Hyderabad, India, on a one-off basis.

(17) The remaining shareholders of Tri Union are Kimly Construction Pte Ltd (10%), Euro Gulf (10%), Dubai Projects (10%), Al Mal Capital PJSC (20%), R Holding (20%) and Mr Saeed Mubarak Rashed Saeed Al Hajiri (20%), which are not related to any of our Directors, Shareholders and Executive Officers.

(18) Fierce (Suzhou) engages in the design and artwork for our Group's festive greeting cards and corporate gifts. It has also previously helped to prepare certain promotional materials for some of our property development subsidiaries. While the business of Fierce (Suzhou) is not directly related to our main business activities, we may from time-to-time require ancillary services from Fierce (Suzhou) relating to the design of promotional materials and our website. The remaining shareholder of Fierce (Suzhou) is Fierce Design Pte Ltd (60%). Fierce Design Pte Ltd is 49% owned by Pek Wee Teng, with the remainder held by unrelated parties. Pek Wee Teng is the granddaughter of our Non-Executive Chairman, Pek Ah Tuan and the niece of our Executive Director and CEO, Pek Lian Guan, Executive Director, Pay Sim Tee and Executive Officers, Pay Teow Heng and Pek Dien Kee.

(19) The remaining shareholder of Tianjin Deqin is Tianjin Dan Le Xuan Hotel Management Co., Ltd. (天津啖乐轩酒店管理有限公司) (55%), which is not related to any of our Directors, Shareholders and Executive Officers. In order to attract tenants and buyers for the commercial component of the Tianmen Jinwan Building, we partnered Tianjin Dan Le Xuan Hotel Management Co., Ltd. to run a restaurant in Tianmen Jinwan Building as an anchor tenant. Tianjin Dan Le Xuan Hotel Management Co. Ltd, which is primarily involved in the food & beverage business, has established a reputation in Tianjin for running high-end Japanese BBQ restaurants.

(20) For the purposes of incorporation, our interest in Tianjin Sheng Jing is 49% and the remaining shareholder is Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (51%), which is not related to any of our Directors, Shareholders and Executive Officers. We are in the midst of discussions with a third party to participate in this joint venture and expect that our interest will be diluted subsequently. The extent of such dilution will depend on the outcome of our discussions.

None of our subsidiaries, associated companies or investee companies is listed on any stock exchange.

SHARE CAPITAL

Save for the Over-allotment Option, no person has, or has the right to be given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries. No option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

The Companies (Amendment) Act 2005 came into effect on 30 January 2006. It was amended to abolish the concepts of par value, authorised share capital, share premium, capital redemption reserve and issuing shares at a discount to par value, among other things.

We were incorporated in Singapore on 15 April 2008 under the Companies Act as a private limited company under the name of Tiong Seng Holdings Pte. Ltd.. At the date of incorporation, the issued and paid-up share capital of our Company was S$1.00 comprising one Share.

At an Extraordinary General Meeting held on 31 March 2010, our Shareholders approved, *inter alia*, the following:

(a) the sub-division of each ordinary share of our Company into 550 ordinary shares ("Share Split");

(b) the conversion of our Company into a public limited company and the change of our name to "Tiong Seng Holdings Limited";

(c) the adoption of the new Articles of Association of our Company;

(d) the issue of the New Shares pursuant to the Invitation, such New Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with our existing issued Shares;

(e) the listing and quotation of all our Shares on the Official List of the SGX-ST;

(f) notwithstanding Article 5 of the new Articles of Association, the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to:

    (i) issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Instrument (as defined below) made or granted by our Directors while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such Shares), and

    (ii) 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 warrants, debentures or other instruments convertible into Shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of Shares issued pursuant to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company, shall not exceed 50% of the issued share capital of our Company immediately after the Invitation (excluding treasury shares) after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing Shareholders shall not exceed 20% of the issued share capital of our Company immediately after the Invitation (excluding treasury shares) after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision, and, unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier; and

(g) the adoption of the Tiong Seng Share Award Scheme, the rules of which are set out in Annex J of this Prospectus and that our Directors be authorised to allot and issue new Shares upon the release of the Awards granted under the Award Scheme.

As at the date of this Prospectus, our Company has only one class of shares, being ordinary shares. The rights and privileges of our Shares are stated in the Articles of Association of our Company. Save for the Award Shares, there are no founder, management or deferred Shares reserved for issuance for any purpose.

As at the Latest Practicable Date, the issued and paid up capital of our Company is S$1.00 comprising one Share.

Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up capital of our Company will be increased to S$152,756,012 comprising 753,995,750 Shares.

Details of the changes to the issued and paid-up share capital of our Company since the date of incorporation of our Company and immediately after the Invitation are as follows:

	Number of Shares	**Resultant Issued and Paid-up Share Capital S$**
Issued and fully paid-up ordinary shares as at incorporation	1	1
New Shares issued pursuant to the Restructuring Exercise	1,027,264	99,836,012
Sub-division of Shares	564,995,750	99,836,012
Pre-Invitation share capital	564,995,750	99,836,012
New Shares to be issued pursuant to the Invitation	189,000,000	52,920,000
Post-Invitation share capital	753,995,750	152,756,012

SHARE CAPITAL

The shareholders' equity of our Company (i) as at the date of incorporation, (ii) immediately after the Restructuring Exercise and (iii) immediately after the Invitation are set out below.

	As at the date of incorporation (S$)	Immediately after the Restructuring Exercise (S$'000)	Immediately after the Invitation[(1)] (S$'000)
Shareholders' Equity	1	99,836	150,504

Note:

(1) This is based on net proceeds from the issue of New Shares.

Save as set out in this section and the subsequent paragraph, there was no change in the issued and paid-up share capital of our Company or our subsidiaries within the three years preceding the date of lodgement of this Prospectus:

Date of issue/ Amendment of Articles of Association	Purpose of issue/ amendment	Increase in registered capital	Paid-up capital	Resultant registered capital
Cangzhou Huashi				
12 July 2006	Increase of registered capital	RMB30,000,000	RMB50,000,000	RMB50,000,000
Tianjin Zizhulin Investment				
24 January 2008	Increase of registered capital	RMB20,000,000	RMB40,000,000	RMB40,000,000
25 April 2008	Increase of registered capital	RMB10,000,000	RMB50,000,000	RMB50,000,000
10 June 2008	Increase of registered capital	RMB50,000,000	RMB100,000,000	RMB100,000,000
4 December 2009	Increase of registered capital	RMB13,000,000	RMB113,000,000	RMB113,000,000
6 January 2010	Increase of registered capital	RMB51,000,000	RMB149,000,000	RMB164,000,000[(1)]
Tianjin Zizhulin				
12 May 2008	Increase of registered capital	USD18,000,000	USD23,000,000	USD23,000,000
Tianjin Zizhulin Nanxi				
8 July 2008	Increase of registered capital	RMB64,900,000	RMB114,900,000	RMB114,900,000
8 September 2009	Increase of registered capital	RMB22,000,000	RMB136,900,000	RMB136,900,000
1 December 2009	Increase of registered capital	RMB63,100,000	RMB200,000,000	RMB200,000,000

Note:

(1) Pursuant to the shareholders' agreement to be entered into between Tianjin Zizhulin and Tianjin City Tianmen in or around March 2010, it was agreed that the issued share capital of Tianjin Zizhulin Investment will be increased to RMB200,000,000 on or before 31 December 2010.

SHAREHOLDERS

Our Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Pek Ah Tuan(1)	6,008,200	1.1	52,769,200	9.3	6,008,200	0.8	52,769,200	7.0
Pek Lian Guan	—	—	—	—	—	—	—	—
Pay Sim Tee	—	—	—	—	—	—	—	—
Lee It Hoe(2)	—	—	477,125,550	84.5	—	—	477,125,550	63.2
Ong Lay Khiam	—	—	—	—	—	—	—	—
Ang Peng Koon, Patrick	—	—	—	—	—	—	—	—
Executive Officers								
Andrew Khng(3)	2,929,300	0.5	1,470,700	0.3	2,929,300	0.4	1,470,700	0.3
Pay Teow Heng	—	—	—	—	—	—	—	—
Pek Dien Kee	—	—	—	—	—	—	—	—
Ong Chun Tiong	—	—	—	—	—	—	—	—
Choo Hong Chun	—	—	—	—	—	—	—	—
Bao Jian Feng	—	—	—	—	—	—	—	—
Substantial Shareholders								
Tiong Seng Shareholdings(4)	451,996,600	80.0	—	—	451,996,600	59.9	—	—
PTC(5)	52,769,200	9.3	451,996,600	80.0	52,769,200	7.0	451,996,600	59.9
Other Shareholders								
Wan Seng(2)	21,220,650	3.8	—	—	21,220,650	2.8	—	—
Low Seng Kar(7)	208,450	n.m.(6)	—	—	208,450	n.m.(6)	—	—
Lim Kim Eng(2)	2,637,250	0.5	—	—	2,637,250	0.3	—	—
Lee Yew Sim(2)	1,271,050	0.2	—	—	1,271,050	0.2	—	—
Siah Ai Tin	1,466,850	0.3	—	—	1,466,850	0.2	—	—
Chua Bock Seng	1,104,400	0.2	—	—	1,104,400	0.1	—	—
Chua Kim Liong	1,095,600	0.2	—	—	1,095,600	0.1	—	—
Lee Bock Thong	2,200,000	0.4	—	—	2,200,000	0.3	—	—
Lee Hong Chuan	3,300,000	0.6	—	—	3,300,000	0.4	—	—
Lee Khar Hoon	5,500,000	1.0	—	—	5,500,000	0.7	—	—
Lee Keng Lan	4,758,600	0.8	—	—	4,758,600	0.6	—	—
Lee Lai Kiong	1,067,000	0.2	—	—	1,067,000	0.1	—	—
Low Sze Wee(7)	3,991,900	0.7	—	—	3,991,900	0.5	—	—
Celine Khng Hong Eng(3)	490,600	0.1	—	—	490,600	0.1	—	—
Theresa Khng(3)	490,050	0.1	—	—	490,050	0.1	—	—
Monica Khng(3)	490,050	0.1	—	—	496,050	0.1	—	—
Public	—	—	—	—	189,000,000	25.1	—	—
Total	**564,995,750**	**100.0***			**753,995,750**	**100.0***		

* *Total does not add up due to rounding*

Notes:

(1) Pek Ah Tuan is deemed interested in the Shares held by PTC by virtue of the fact that he, together with his associates, collectively hold approximately 33.6% of the shares in PTC. As the other shareholders of PTC are not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Pek Ah Tuan in relation to their shares in PTC, Pek Ah Tuan is not deemed interested in the other shares of PTC. Consequently, Pek Ah Tuan is not deemed interested in the Shares held by Tiong Seng Shareholdings. The remaining 66.4% of PTC is owned by Soh San San (6.6%, daughter-in-law of Pek Ah Tuan), Pay Sim Tee (13.2%, nephew of Pek Ah Tuan), Pea Sin Yeow (6.6%, nephew of Pek Ah Tuan), Lim Choo Ping (6.6%, sister-in-law of Pek Ah Tuan), Kum Ler (6.6%, sister-in-law of Pek Ah Tuan), Pay Teow Hock (9.0%, nephew of Pek Ah Tuan), Pay Teow Heng (9.0%, nephew of Pek Ah Tuan) and Pay Teow Seng (9.0%, nephew of Pek Ah Tuan).

(2) 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 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. The beneficial owners of Wan Seng are Lee It Hoe (20.0%), Lee Yew Cheng (20.0%), Lee Lian Guat (6.0%), Lee Guat Chye (6.0%), Lim Kim Eng (16.0%), Low Guat Hiong @ Lee Guat Hiong (6.0%), Lee Guat Sin (6.0%), and Lee Yew Sim (20.0%). 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.

(3) Andrew Khng is deemed interested in the Shares held by his sisters, Celine Khng Hong Eng, Theresa Khng and Monica Khng.

(4) The shareholders of Tiong Seng Shareholdings are PTC (46.7%), Wan Seng (18.8%) Pek Ah Tuan (5.3%), Andrew Khng (2.6%), Celine Khng Hong Eng (0.4%), Theresa Khng (0.4%), Monica Khng (0.4%), Lim Kim Eng (2.3%), Lee Yew Sim (1.1%), Low Seng Kar (0.2%), Low Sze Wee (3.6%), Siah Ai Tin (1.3%), Chua Bock Seng (1.0%), Chua Kim Liong (1.0%), Lee Bock Thong (1.9%), Lee Hong Chuan (2.9%), Lee Khar Hoon (4.9%), Lee Keng Lan (4.2%) and Lee Lai Kiong (0.9%).

(5) PTC is deemed interested in the Shares held by Tiong Seng Shareholdings by virtue of the fact that it holds approximately 46.7% of the shares in Tiong Seng Shareholdings. The shareholders of PTC are Pek Ah Tuan (7.2%), Tan Swee Fui (6.6%, spouse of Pek Ah Tuan), Soh San San (6.6%, daughter-in-law of Pek Ah Tuan), Pek Lian Huat (6.6%, son of Pek Ah Tuan), Pek Lian Guan (6.6%, son of Pek Ah Tuan), Pek Dien Kee (6.6%, son of Pek Ah Tuan), Pay Sim Tee (13.2%, nephew of Pek Ah Tuan), Pea Sin Yeow (6.6%, nephew of Pek Ah Tuan), Lim Choo Ping (6.6%, sister-in-law of Pek Ah Tuan), Kum Ler (6.6%, sister-in-law of Pek Ah Tuan), Pay Teow Hock (9.0%, nephew of Pek Ah Tuan), Pay Teow Heng (9.0%, nephew of Pek Ah Tuan) and Pay Teow Seng (9.0%, nephew of Pek Ah Tuan).

(6) Denotes "not meaningful".

(7) Low Sze Wee is the nephew of Lee It Hoe and he is not an associate of Lee It Hoe. Low Seng Kar is the uncle of Low Sze Wee and he is not an associate of Lee It Hoe. As such, Lee It Hoe is not deemed interested in the Shares held by each of Low Sze Wee and Low Seng Kar.

Save as disclosed above and in the section entitled "Directors, Management and Staff — Directors" of this Prospectus, there are no other relationships among our Directors, Executive Officers and Substantial Shareholders.

The Shares held by our Directors, Executive Officers and Substantial Shareholders do not have different voting rights from the Shares held by the other Shareholders.

Save as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

To demonstrate their commitment to our Group, our controlling shareholder, Tiong Seng Shareholdings, together with PTC, Wan Seng, Pek Ah Tuan, Lim Kim Eng, Lee Yew Sim, Lee It Hoe(1), Andrew Khng, Celine Khng Hong Eng, Theresa Khng and Monica Khng, who in aggregate will hold 540,302,950 Shares, representing approximately 71.7% of the entire issued share capital of our Company immediately after the Invitation, have each undertaken not to sell, contract to sell, realise, grant any option to purchase, transfer or otherwise dispose of any part of its or his/her interests in the issued share capital of our Company for a period of six months from the date of admission of our Company to the Official List of the SGX-ST.(2)

The abovementioned moratorium undertaking given by PTC shall not apply to the Shares that may be lent to DBS Bank pursuant to the over-allotment and price stabilisation activities effected in connection with the Invitation as set out in the section entitled "Plan of Distribution" of this Prospectus. At the conclusion of the price stabilisation activities, all such Shares lent by and returned to PTC will thereafter be subject to the above moratorium undertaking given by PTC.

Each of PTC, Wan Seng, Pek Ah Tuan, Lim Kim Eng, Lee Yew Sim, Lee It Hoe(1), Andrew Khng, Celine Khng Hong Eng, Theresa Khng and Monica Khng, who in aggregate hold 160,557 Shares, representing approximately 78.1% of the entire issued share capital of Tiong Seng Shareholdings(2), has undertaken not to sell, contract to sell, realise, grant any option to purchase, transfer or otherwise dispose of any part of its or his/her interests in the issued share capital of Tiong Seng Shareholdings for a period of six months from the date of admission of our Company to the Official List of the SGX-ST.

Each of all the shareholders of PTC, namely Soh San San, Pek Dien Kee, Pay Sim Tee, Pek Ah Tuan, Tan Swee Fui, Kum Ler, Lim Choo Ping, Pea Sin Yeow, Pay Teow Seng, Pek Lian Huat, Pay Teow Hock, Pek Lian Guan and Pay Teow Heng, has undertaken not to sell, contract to sell, realise, grant any option to purchase, transfer or otherwise dispose of any part of his/her interests in the issued share capital of PTC for a period of six months from the date of admission of our Company to the Official List of the SGX-ST.

Each of all the shareholders of Wan Seng, namely Lee Yew Cheng, Lee Lian Guat, Lee Guat Chye, Lim Kim Eng, Low Guat Hiong @ Lee Guat Hiong, Lee It Hoe, Lee Guat Sin and Lee Yew Sim, has undertaken not to sell, contract to sell, realise, grant any option to purchase, transfer or otherwise dispose of any part of his/her interests in the issued share capital of Wan Seng for a period of six months from the date of admission of our Company to the Official List of the SGX-ST.

Notes:

(1) Lee It Hoe does not hold any direct interest in our Shares. However, he is deemed interested in the Shares held by his associates, Lim Kim Eng and Lee Yew Sim. Lee It Hoe is also deemed interested in the Shares held by Wan Seng as Wan Seng's directors are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes. 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.

(2) The other shareholders, namely Siah Ai Tin, Chua Bock Seng, Chua Kim Liong, Lee Bock Thong, Lee Hong Chuan, Lee Khar Hoon, Lee Keng Lan, Lee Lai Kiong, Low Seng Kar and Low Sze Wee, who own approximately 3.3% of the entire issued share capital of our Company immediately after the Invitation are not considered promoters of our Company (as defined under the Listing Manual). Therefore, the Shares that they hold directly, as well as through Tiong Seng Shareholdings, have not been moratorised. These shareholders were the original shareholders of Tiong Seng Contractors and have come to hold our Shares pursuant to the Restructuring Exercise. For further details, please refer to the section entitled "Restructuring Exercise" of this Prospectus.

HISTORY

The history of our Group dates back to 1959 when our four founders, Mr Pek Ah Tuan and the late Mr Pay Seng Koon from Peck Tiong Choon Private Limited and the late Mr Lee Tuan Chay and Mr Khng Kwi Cher from Song Hup Seng Private Limited, came together to establish a business partnership to provide a complete supply chain of excavation, earth moving and trucking services. To signify this new business collaboration, the partnership was named "Tiong Seng", derived from the names of Peck Tiong Choon Private Limited and Song Hup Seng Private Limited.

Together, these four founders worked on a series of projects in Singapore and Malaysia, many of which were civil engineering projects. In 1964, the founders decided to elevate this co-operation to the next level by converting the partnership to a private limited company, under the name of Tiong Seng Contractors (Private) Limited.

Since incorporation, Tiong Seng Contractors has been engaged in the construction business. It started as an earthwork contractor which undertook projects from the Jurong Town Corporation, the Housing Development Board and other government bodies. In the 1970s, Tiong Seng Contractors saw the potential in the fast-developing Singapore economy and ventured into civil engineering. By undertaking projects for the construction of roads, bridges, ports and sewerage treatment plants and other infrastructure, Tiong Seng Contractors gained valuable experience and expertise in construction management. This expertise acquired enabled us to subsequently venture into the building construction and civil engineering industry. By the 1990s, after being involved in numerous public and private projects, Tiong Seng Contractors successfully established itself as one of the leading contractors in Singapore's building construction and civil engineering industry.

After establishing our foothold in the Singapore construction market, we ventured overseas for business diversification. We expanded to PNG in 1989 where we secured two road upgrading projects funded by the World Bank and the Asian Development Bank. We subsequently set up our PNG subsidiary, TSC (PNG) in 1994, which primarily engages in civil engineering. In 1997, when there was an economic downturn in Singapore, we ventured into Lao PDR. This led to the formation of our Lao PDR subsidiary, LSC Limited, in 1999.

To further diversify our business and to leverage on the relevant experience and knowledge that we had gained in building and civil engineering construction in Singapore, we ventured into the PRC in the 1990s. In 1994, we set foot in Suzhou, Jiangsu province through our investments in certain property development projects as a passive investor. We ventured into Suzhou primarily due to its rapid economic growth and its accessibility to Shanghai. In 2001, we constructed the Meritus Hotel in Shantou, PRC. It was a 5-star hotel and garnered the Construction Excellence Award in 2004. In 2002, we commenced our first property development project in Suzhou. The project, Suzhou Huisheng Yuan, is a mixed residential-commercial development comprising two phases with a total GFA of approximately 43,800m^2. Phase 1 was completed in 2002 and Phase 2 in 2005.

With the success of Suzhou Huisheng Yuan, we then moved on to Yangzhou, also in Jiangsu province, in 2004. We developed a commercial project named Wenchang Broadway. This is a shopping centre with a total GFA of approximately 32,000m^2 and was completed in 2006. In 2006, we undertook another commercial project in Suzhou, namely, Suzhou Shengyang Commercial Building.

Recognising the PRC government's efforts to stimulate investments in the Bohai Economic Rim, we ventured into Tianjin in 2006. Tianjin is one of the four municipal cities under the direct jurisdiction of the PRC government and is the largest port city of northern China. The first project we undertook was the Tianmen Jinwan Building, a mixed residential-commercial development, which is situated in the heart of Tianjin city. The development, with a total GFA of approximately 66,700m^2, was completed in early 2009. We currently have four other projects that we are developing in the Bohai Economic Rim, with a total expected GFA of approximately 471,500m^2. Please refer to the section entitled "General Information on our Group — Our Business" of this Prospectus for more details.

For our construction business, we remain as one of the leading players in Singapore today. Our strength in building and civil engineering construction is evidenced by the numerous awards and accolades we have received over the years. These awards are mainly in recognition of our management, technology and construction quality, safety track record and environmentally-friendly efforts. Please refer to the section entitled "General Information on our Group — Awards and Accreditations" of this Prospectus for more details.

With our established track record, we have also managed to secure projects of larger contract values in recent years. Our recent major projects include Capella (Phases 1 and 2, S$197 million), Sky @ Eleven (S$137 million), Hilltops (S$158 million) and a hotel at Upper Pickering Street (S$129 million). Together with our joint venture partner, Kajima Overseas Asia Pte Ltd, we have also secured several major projects such as the St Regis Hotel and Residential Development project (S$296 million), the Marina Bay Financial Centre project (commercial component, S$558 million), the Sentosa Integrated Resorts project (S$1.05 billion) and the Central Boulevard Office Building project (S$584 million).

In response to the Singapore Government's stimulus package plan (as described in the section entitled "Prospects, Trends, Business Strategies and Future Plans" of this Prospectus) which will drive construction demand in the next few years, we have also tendered for public projects. Currently, we are registered as a contractor with the highest BCA grading (A1) for both civil engineering and building construction which enables us to undertake public sector construction and civil engineering projects with unlimited value. Our subsidiaries, Tiong Seng Contractors and Robin Village, have also been registered as builders under General Builder Class 1 pursuant to the Building Control (Amendment) Act 2007 which enables us to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e., ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork). With our partner, GS Engineering and Construction Corporation, we have won the contract to design and construct the stations and tunnels at Hillview and Cashew for stage 2 of the Downtown Line worth approximately S$430 million.

For more information regarding our significant construction and civil engineering projects, please refer to the section entitled "General Information on our Group — Our Business" of this Prospectus.

OUR BUSINESS

We are principally engaged in building construction, civil engineering and property development. The main focus of our building construction and civil engineering business is in Singapore, where we act as the main contractor in construction projects for both the private and public sectors. We undertake our construction and civil engineering activities through our wholly-owned subsidiary, Tiong Seng Contractors. Tiong Seng Contractors holds 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. As of 9 February 2010, there were a total of 1,573 contractors registered with the BCA for general building, of which only 48 were awarded the A1 grading. As of that same date, for civil engineering, 36 out of 752 contractors registered with the BCA were awarded the A1 grading.

Our subsidiaries, Tiong Seng Contractors and Robin Village, have also been registered as builders under General Builder Class 1 pursuant to the Building Control (Amendment) Act 2007 which enables us to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e., ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork). For further details on the Building Control (Amendment) Act and the licences in this regard that our Group has obtained, please refer to the section entitled "General Information on our Group — Government Regulations" for further details.

The main focus of our property development business is to develop residential and commercial properties in various second- and third-tier cities in the PRC, such as Tianjin and Yangzhou. With the added insight of being a contractor and having completed numerous construction projects, we are able to leverage on our experience and anticipate problems associated with the property development business right at the outset and develop effective work plans for the property development projects we undertake.

(A) Construction and Civil Engineering

We have approximately 50 years of experience as a building contractor in the Singapore construction industry and have undertaken a wide range of projects for the private and public sectors, including the building of residential apartments, commercial properties, warehouses, institutions and high end hotels. Our projects vary in terms of scale and size.

As a main contractor, we have undertaken a wide range of (i) building construction works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works, external works and landscaping; and (ii) civil engineering jobs which cover deep tunnelling, sewerage rehabilitation, bridge building, infrastructure and foundation piling. While our principal market is Singapore, we have also undertaken certain projects in overseas markets such as infrastructure development projects in PNG and Lao PDR. These projects were commissioned by various international aid agencies such as Australian Aid, World Bank and Asian Development Bank and involved the construction of infrastructures like roads, highways and bridges.

Please refer to the section entitled "General Information on our Group — Our Business" of this Prospectus for details of the key building construction and civil engineering projects that we have completed, as well as our key on-going projects.

Our Group's key competitive edge over other industry players is the ability to take on jobs of various sizes and nature. We have received numerous accreditations and awards from various government bodies and industry authorities in recognition of the different aspects of our building construction and civil engineering construction work. Please refer to the section entitled "General Information on our Group — Awards and Accreditations" of this Prospectus for more details.

Over the years, we have leveraged on the expertise gained from our construction and civil engineering projects and expanded our range of services that not only allow us to offer more comprehensive services to our customers, but also provide us with new business opportunities as we can offer such services for construction projects which were not undertaken by us or to other industries. Some of these services include:

(i) Pre-casting

We have been engaged in pre-casting since 1995, mainly at the worksites for our own construction projects. To support our increased level of construction activities and to reduce our reliance on sub-contractors, through our wholly-owned subsidiary, Robin Village, we now also undertake pre-casting off-site on a piece of land at Tuas South Avenue 1 which we acquired in 2007. Our pre-casting capabilities have won us several accolades in recent projects as we are able to deliver projects at an improved speed and quality and reduce our reliance on labour.

Traditionally, the construction industry is labour-intensive. With skilled human labour becoming scarce, we believe that being able to reduce our labour requirements is an important competitive advantage. Further, pre-casting technical knowledge and experience is portable and can be deployed in other countries facing labour shortage. This allows us to tap new markets in the future.

Robin Village's main customer is Tiong Seng Contractors and its target clientele includes mainly contractors and companies which are involved in the construction industry in both local and foreign markets.

(ii) Construction Engineering

Our 51%-owned subsidiary, Steeltech, specialises in the fabrication and supply of pre-cast mould for the construction industry and the fabrication and installation of metal work, steelwork, steel structure work and aluminium work. It also specialises in steelwork fabrication and installation for the marine or shipping industry.

Steeltech's main customer is Tiong Seng Contractors and its target clientele includes mainly contractors, pre-cast concrete suppliers and companies which are involved in the construction industry in both local and foreign markets.

Significant Projects

Some of the significant projects we have completed are as follows:

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion
Private residential-terrace houses					
Golden Hill Villas	Conventional housing development comprising 81 units of 3-storey terrace house and 2 units of semi-detached house at Ang Mo Kio Avenue 1	City Developments Limited	S$31,880,000	April 2001	July 2004
Private residential-condominium					
Guilin View	Condominium comprising 655 units	Guilin Park Properties Pte Ltd	S$155,000,000	June 1997	April 2000
Park Green	Design and build executive condominium (Sengkang EC)	NTUC Choice Homes Co-operative Ltd	S$63,131,000	August 2001	August 2004

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion
Parc Emily	Condominium development at Mount Emily Road	TC Development Pte Ltd (A joint venture company owned by City Developments Limited group and TID Pte Ltd)	S$59,800,000	February 2005	June 2008
The Arc at Draycott	Erection of a block of 36-storey residential flats at Draycott Drive	BS Draycott Pte Ltd	S$23,918,000	November 2005	August 2008
Riveredge Condominium	Condominium development at Kampong Arang Road/Sampan Place/ Kampong Kayu Road	Riveredge Development Pte Ltd (A company under the CapitaLand group)	S$32,625,000	November 2005	June 2008
Commercial building					
One Marina Boulevard (A 30–70 joint venture with Samsung)	Development of a 32-storey NTUC headquarters at Raffles Quay/Marina Boulevard	SLF Management Services Pte Ltd	S$116,153,000	January 2002	April 2004
Warehouse (cold room)					
NTUC Fair Price Warehouse Extension	NTUC Fairprice Co-operative Ltd warehouse extension at 680 Upper Thomson Road	NTUC Fairprice Co-operative Ltd	S$11,760,000	June 2001	September 2002
Hotel					
St Regis Hotel and Residential Development (A 30–70 joint venture with Kajima Overseas Asia Pte Ltd)	Hotel & Residential — Mixed development comprising a block of 20-storey hotel building and 2 blocks of 20-storey strata apartments with 3 basements at Tanglin/Tomlinson/ Cuscaden Road	Richmond Hotel Pte Ltd	S$296,000,000	November 2004	July 2008

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion
Capella (Phase 1)	Capella Hotel Resort Development, Sentosa, on 48 to 51 Ironside Road, Sentosa (Phase 1)	Millenia Hotel Pte Ltd (A company under the Pontiac Land Group)	S$165,362,000	February 2006	March 2009
Capella (Phase 2)	Capella Hotel Resort Development, Sentosa, on 48 to 51 Ironside Road, Sentosa (Phase 2)	Millennia Hotel Pte Ltd (A company under the Pontiac Land Group)	S$31,600,000	July 2007	September 2009
Institution					
Home Team Academy	Construction of Law Enforcement Academy of Singapore at Choa Chu Kang Road	Ministry of Home Affairs	S$146,469,000	July 2003	May 2006
Civil engineering — deep tunnelling & infrastructure					
Kim Chuan Link (Undertaken by the Tiong Seng-Dong-A Consortium/ Singapore (Partnership), where the partners have mutually agreed to a prefixed formula to split the profits of the joint venture)	Deep tunnelling work — Deep tunnel sewerage system at Kim Chuan Link Sewer contract 1	Public Utilities Board	S$43,320,000	May 2002	September 2005
Jalan Buroh Expressway (Undertaken by a joint venture between Tiong Seng Contractors and Civil Geo)	Civil engineering Road/Flyover construction	Land Transportation Authority	S$36,150,000	November 2003[(1)]	June 2005
World Bank (Manus Province, PNG)	Regravelling of selected roads in Manus Province (phase 1 & 2), PNG	Cardno Willing DOW Headquarters, NCD	S$8,604,000	August 2004	July 2006

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion
Foundation/piling works					
Marina Bay Financial Centre (Foundation Engineering) Phase 1 — Residential component	Foundation Engineering — Piling earth retention system and ground improvement works for proposed business and financial centre at Marina Bay/Central Boulevard — Residential component	BFC Development Pte Ltd	S$12,595,000	October 2006	May 2007
Marina Bay Financial Centre (Foundation Engineering) Phases 2, 3, 4 — Commercial component	Foundation Engineering — Piling earth retention system and ground improvement works for proposed business and financial centre at Marina Bay/Central Boulevard — Commercial component	BFC Development Pte Ltd	S$77,692,000	October 2006	Phase 2 — October 2008 Phase 3 — June 2009 Phase 4 — October 2008
Marina Bay Financial Centre Tower 3	Bored piling works — for a 46-storey office building with shops and restaurants on the 1st and 2nd storey and 3 levels of basement at Central Boulevard	Central Boulevard Development Pte Ltd	S$41,478,000	April 2009	August 2009

Note:

(1) Pursuant to a deed of novation entered into between Land Transport Authority of Singapore, Econ Corporation Limited and Tiong Seng Contractors on 19 January 2004, Tiong Seng Contractors took over the project from Econ Corporation Limited with effect from November 2003 and commenced construction work on the project.

In addition to the above completed projects, our significant on-going projects include:

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion (Estimated)
Private residential					
Tribeca	Erection of a 30-storey residential condominium development (total 175 units) with 2 basement car parks at Kim Seng Road/ Jiak Kim Street	Guan Realty Pte Ltd (A company under the City Developments Limited group)	S$64,674,000	June 2006	March 2010
Sky @ Eleven	Condominium development at 422 Thomson Road	Times Development Pte Ltd (A company under Singapore Press Holdings)	S$137,000,000	April 2007	May 2010
Shelford Suites	Erection of 3 blocks of 5-storey residential condominium development (total 77 units) with a basement carpark, attic, swimming pool and ancillary communal facilities at Shelford Road	City Developments Limited	S$51,693,000	October 2008	November 2010
Hilltops	Condominium development consisting of a 20-storey block and a 14-storey block with 2 nos. of sky terraces, 2 basement car parks, swimming pool and communal facilities at Cairnhill Circle (Newton planning area)	Taraville Pte Ltd (A company under SC Global Group)	S$158,195,000	June 2007	May 2010

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion (Estimated)
The Wilkie	Flat development of 3 blocks of 4-storey flats (total 40 units) with basement/ carpark/swimming pool and communal facilities at Upper Wilkie Road/Wilkie Road	City Developments Limited	S$26,341,000	June 2008	March 2010
The Wharf	Condominium housing development comprising residential buildings, carpark, swimming pool, communal facilities and the restoration/ conservation of 12 shophouses etc at 1 to 12 Tong Watt Road	Leonie Court Pte Ltd (A company under the CapitaLand group)	S$86,969,000	September 2009	June 2012
The Volari	Condominium housing comprising 1 block of 12-storey residential flats (total 85 units) with basement/carpark/ swimming pool and commercial facilities at Balmoral Road	City Developments Limited	S$69,897,000	November 2009	February 2012
Hundred Trees	Condominium development (total 396 units) at West Coast Drive	Grade-Terre Properties Pte Ltd (A company under the City Developments Limited group)	S$121,355,000	2nd Quarter of 2010	30 months from commencement date

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion (Estimated)
Institution − Residential					
Kent Vale NUS staff housing	Erection of 2 blocks of 24-storey and 1 block of 25-storey staff housing residential building (total 352 units), 1 block of 3-storey communal block A comprising a swimming pool, communal facilities and administration and 1 block of single storey communal block B comprising swimming pool to an existing Kent Vale staff housing development at 101 Clementi Road	National University of Singapore	S$149,688,000	March 2010	June 2012
Hotel					
Sentosa Integrated Resorts (A 40–60 joint venture with Kajima Overseas Asia Pte Ltd)	Basement and main building works to Hotel Michael, Casino, Maxim Residences Festive Hotel & Le Vie Showroom, Festivewalk and Forum	Resorts World at Sentosa Pte Ltd	S$1,053,352,000	April 2008	August 2010
Hotel at Upper Pickering Street	Proposed hotel and office development at Upper Pickering Street	Hotel Plaza Property (Singapore) Pte Ltd (A company under the UOL group)	S$128,903,000	December 2009	May 2012
Commercial					
Marina Bay Financial Centre (Commercial component) (A 30–70 joint venture with Kajima Overseas Asia Pte Ltd)	Office development comprising 1 podium block with 6 levels of carparks, 2 office tower blocks consisting of 33/50 storeys, 2 basement carparks with underground pedestrian network and retail use	BFC Development Pte Ltd	S$558,380,000	February 2007	Phase 1 — March 2010 Phase 1b — March 2010 Phase 2 — August 2010 Phase 3 — March 2010

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion (Estimated)
Central Boulevard Office Building (A 30–70 joint venture with Kajima Overseas Asia Pte Ltd)	46-storey office building with 6-storey podium (shop/ restaurants at 1st and 2nd storey) and 3 levels of basement at Central Boulevard	Central Boulevard Development Pte Ltd	S$583,888,000	April 2009	February 2012
Civil Engineering — Infrastructure					
Rehabilitation of the Korefegu-Nupuro Road in Eastern Highlands Province, PNG	Asian Development Bank (ADB) − Rehabilitation and sealing of Korefegu-Nupuro in Eastern Highlands Province, PNG	FPM HRMG	S$7,864,000	May 2007	March 2010
Upgrading and sealing of Goro to Gumine Roads in Simbu Province, PNG	Asian Development Bank (ADB) − Upgrading and sealing of Goro to Gumine Roads in Simbu Province, PNG	FPM HRMG	S$20,357,000	January 2007	April 2010
Rehabilitation of the Kamaliki to Bekuvia Road, Package No. 1 of the Kamaliki to Move Road in Eastern Highlands Province, PNG	Asian Development Bank (ADB) − Rehabilitation and regravelling of the Kamaliti to Bekuvia Road in Eastern Highlands Province, PNG	FPM HRMG	S$11,552,000	May 2009	November 2010
Contract 913 (A 30–70 joint venture with GS Engineering and Construction Corporation)	Contract 913 − Design and construction of stations and tunnels at Hillview and Cashew for stage 2 of downtown line	Land Transport Authority	S$430,477,000	August 2009	July 2015
Additions and Alterations					
Raffles City − Basement refurbishment	Additions and alterations to basement levels 1, 2 and 3 and the 1st storey of the existing Raffles City on Lot 482M of town subdivision 11 at 250 North Bridge Road	HSBC Institutional Trust Services (Singapore) Limited, as trustee-manager of RCS Trust	S$23,368,000	November 2009	October 2010

Project name	Project description	Customer name	Approximate contract value	Project Commencement	Project Completion (Estimated)
Raffles City − Underground Linkway	Additions and alterations to basement levels 1, 2 and 3 and the 1st storey of existing Raffles City on Lot 482M of Town subdivision 11 at 250 North Bridge − Underground Linkway	HSBC Institutional Trust Services (Singapore) Limited, as trustee-manager of RCS Trust	S$6,556,000	November 2009	June 2010

(B) Property Development in the PRC

We are a niche player in developing private properties in the PRC, focusing on residential and commercial projects in the second- and third-tier cities in the PRC. Our management team has many years of experience in property development, and to date, we have completed projects in Suzhou, Yangzhou and Tianjin. We are able to leverage on our experience in the construction business to work with our architects to develop more efficient designs prior to commencement of development, and to engage in a more hands-on management of our building contractors during the construction stage, in order to ensure that our projects are completed at more competitive costs.

(i) Completed Projects

In the 1990s, the Yangtze River Delta region was one of the fastest growing regions in the PRC. We started our first development project in Suzhou in 2002. We completed in 2005 (in two phases) Suzhou Huisheng Yuan, a 166-unit residential development with a small element of commercial units. The project was fully sold. In 2004, we ventured into Yangzhou and developed Wenchang Broadway, a shopping centre. The Wenchang Broadway project is a unique project in Yangzhou as it was one of the first open-air shopping streets in an old city area. The tenants of Wenchang Broadway are a good mix of food and beverage and catering business, together with shopping and leisure. As at the Latest Practicable Date, the project is approximately 46% sold and the balance units are held as investment properties which may be sold as and when the opportunities arise. We went on to develop a commercial building, Suzhou Shengyang Commercial Building, in Suzhou in 2006.

We ventured into Tianjin in 2006 in view of the potential growth of the Bohai Economic Rim given the PRC government's efforts to stimulate investment in the area. The first project we undertook was the Tianmen Jinwan Building, a mixed residential-commercial development, which is situated in the heart of Tianjin city. The development was completed in early 2009 and we have sold approximately 99% of the residential units and approximately 69% of the commercial units as at the Latest Practicable Date.

Further details on the projects we have developed are as follows:

Project name	Project description	Approximate total site area (m^2)	Approximate total GFA (m^2)	Approximate total saleable area (m^2)	Approximate sales generated as at the Latest Practicable Date	Approximate proportion sold as at the Latest Practicable Date	Project commencement date
Suzhou Huisheng Yuan (Phase 1)	Comprising a commercial building (Phase 1 — 23 units)	14,000 (Phase 1 and Phase 2)	10,900	Commercial — 9,900	RMB 30,483,000	100%	May 2002
Suzhou Huisheng Yuan (Phase 2)	Comprising 2 blocks of 18-storey and16-storey residential apartments and 5 commercial units (Phase 2 — total 166 residential units, 5 commercial units)		Above ground — 30,000 Basement — 2,900	Commercial — 2,000 Residential — 27,000	RMB 110,942,000	100%	November 2004
Wenchang Broadway	Shopping Centre at Yangzhou	18,000	Above ground — 21,000 Basement — 11,000	30,000	RMB 208,265,000	45%	October 2004
Suzhou Shengyang Commercial Building	Commercial building	9,500	10,000	10,000	RMB 69,923,000	100%	March 2006
Tianmen Jinwan Building	28-storey high-rise residential block with 4-storey commercial development	7,000	Commercial — 15,600 Residential — 51,100	Commercial — 15,000 Residential — 51,100	RMB 469,280,000	Commercial: 69% Residential: 99%	August 2007

(ii) Projects Under Development

The Bohai Economic Rim is developing rapidly and has become one of the main economic zones of the PRC. The Tianjin Binhai New Area ("TBNA") within the Bohai Economic Rim is one of the most important areas in the PRC's 11th five-year plan for National Economy and Social Development. Under the strategy, the TBNA is expected to become another asset to regional development, following the rise of the Shenzhen Special Economic Zone and Shanghai Pudong New Area.

The TBNA, located in the eastern coast, consists of three administrative regions, namely, Tanggu District, Hangu District and Dagang District, eight industry functional zones under construction and Sino-Singapore Tianjin Eco-city, with a planning area of 2,270 km^2, coastline of 153 km and a population of 1.72 million. In recent years, this area has developed rapidly and is expected to develop further in years to come. Recognising the growth in the Bohai Economic Rim and the TBNA, we currently have four on-going projects in the area:

(a) Sunny International Project, Cangzhou

* Artist's impression only and may be subject to change.

This project is located in Yunhe District, the city centre of Cangzhou, Hebei Province. This is a four-phase mixed residential-commercial development undertaken by our subsidiary, Cangzhou Huashi. We have commenced sales for Phase 1, which consists of three residential blocks and a 5-storey commercial building. As at the Latest Practicable Date, 74%, amounting to approximately 38,000m^2 of the total saleable area for the residential component of Phase 1, has been sold. It is expected that Phase 1 will be completed by the middle of 2011 and will be handed over in the 3rd quarter of 2011.

The construction of Phase 2, consisting of two residential blocks, is expected to commence in the middle of 2010 and expected to complete by the 4th quarter of 2012. Construction of Phase 3, consisting of two residential blocks is expected to commence in the 2nd quarter of 2011 and expected to be completed by the 4th quarter of 2013. Phase 4 will consist of two residential blocks and commercial shop houses and construction is expected to commence in the 2nd quarter of 2012 and expected to be completed by the 4th quarter of 2014.

Site details

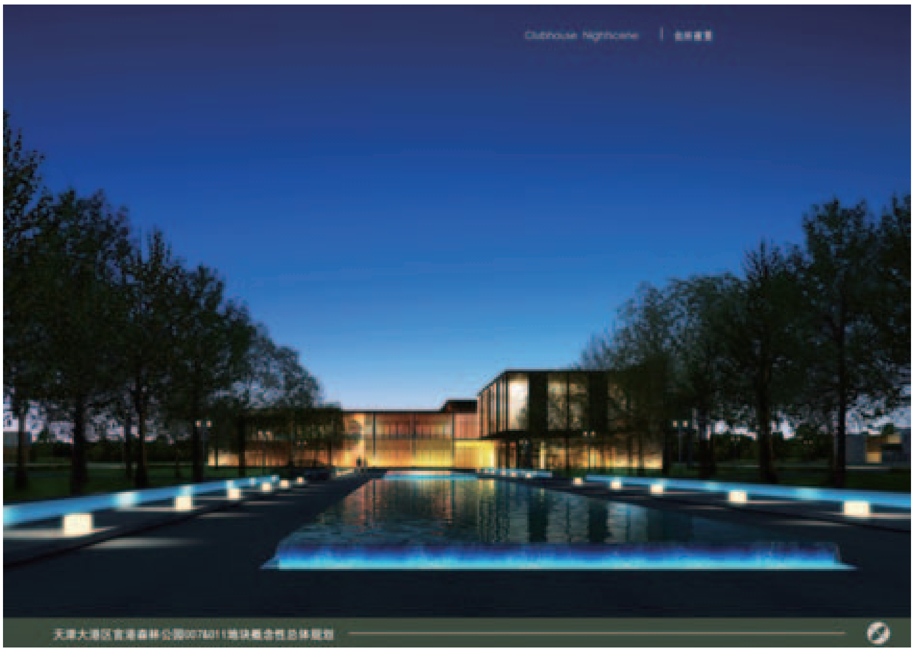
Estimated total GFA:
Residential Component — 141,300m^2
Commercial Component — 18,200m^2

Estimated total saleable GFA:
Residential Component: 131,900m^2
Commercial Component: 18,000m^2

Project Commencement Date: October 2008

Estimated Project Completion Date: 4th quarter of 2014 (all phases)

(b) *Dagang*



* Artist's impression only and may be subject to change.

This project is located in Guangang Forest Park, which belongs to the ecological zone of the TBNA. The project is undertaken by our subsidiary, Tianjin Zizhulin Nanxi(1), and will consist of landed properties and low rise developments and is part of the local authorities' master plan to transform the Dagang district into a leisure and entertainment area by 2014. Currently, the project is in the design stage and sales have not commenced. The project will be developed in four phases of 50,000m^2 each. Sales for Phase 1 is expected to commence during the 3rd quarter of 2010.

Site details

Estimated total GFA: 200,000m^2

Estimated total saleable GFA: 200,000m^2

Project Commencement Date: 3rd quarter of 2010

Estimated Project Completion Date: 1st quarter of 2015

Note:

(1) As mentioned in the section entitled "Capitalisation and Indebtedness — Capital Commitment" of this Prospectus, the transfer of the land use rights for this plot of land to Tianjin Zizhulin Nanxi is in progress.

(c) *Eco-city project*

* Artist's impression only and may be subject to change.

Through Tianjin Sheng Jing, we are working with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd ("SSTEC") to develop a residential-land parcel in the Sino-Singapore Tianjin Eco-City ("Tianjin Eco-City"), which is strategically located in the fast-growing TBNA. SSTEC is the master developer for the Tianjin Eco-City. The Tianjin Eco-City is a landmark bilateral project between China and Singapore with private-sector investment and development. The theme of the Tianjin Eco-City is to create a sustainable future through an eco-friendly living and work space. The start-up phase is on a 4 km^2 area (the "Start-up Area"). Our participation is with SSTEC on a plot of land within the Start-up Area. The project will be developed over two phases. The first phase will comprise 450 residential units. In addition to taking an equity stake in this project, we are also the project manager of this project and will earn management fees. We believe that we have been selected as a partner to this project given our proven track record in construction in Singapore, in particular, our expertise in constructing eco-friendly buildings in Singapore, as well as our property development experience in the PRC.

Site details

Estimated total GFA:
Phase 1 — 50,000m^2
Phase 2 — 50,000m^2

Estimated total saleable GFA: 99,200m^2

Project Commencement Date:
Phase 1 — December 2009
Phase 2 — 2nd quarter of 2010 (estimated)

Estimated Project Completion Date: 2nd quarter of 2012
Phase 1 — 3rd quarter of 2011
Phase 2 — 2nd quarter of 2012

(d) Zizhulin Commercial Development

* This is an actual picture of the site of Zizhulin Commercial Development.

Zizhulin Commercial Development which is held by Tianjin Zizhulin is located in the heart of Tianjin city, approximately 100 m from Haihe River and 1 km from the high speed rail link station which links Beijing and Tianjin. In addition to its favourable location, a unique characteristic of this site is that 5,500m^2 of its total land area consists of retrofitted existing French barracks built during the colonial times. As such, we see good potential in this site. We are currently evaluating various options for this site, including building a boutique hotel, a commercial or condominium development; or selling the site if there are attractive offers.

Site details

Estimated total GFA: 12,000m^2

Estimated total saleable GFA: 12,000m^2

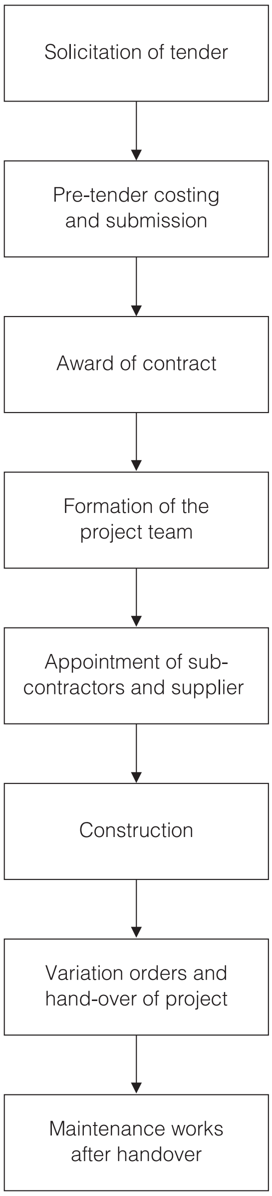
Estimated Project Commencement Date: To be determined

Estimated Project Completion Date: To be determined

OPERATION PROCESS

Construction

A diagrammatical depiction of the operation process for our building construction and civil engineering projects is as follows:



(i) Solicitation of Tender

We secure our building, upgrading and civil engineering projects through open tenders and invitation tenders. Information on open tenders is generally available via tender notices in newspapers and industrial publications. Participation in closed tenders is at the invitation of either the developer or its appointed project consultant which would have shortlisted us based on its initial internal assessment of qualified building contractors which meet its requirements for the relevant project.

(ii) Pre-Tender Costing and Submission

In preparation for a tender submission, our tender committee which is led by our CEO or our Project Director, will, first, ascertain that we have sufficient resources such as machinery and manpower to complete the project within the timeframe stipulated by the developer. For private sector projects, our tender committee assesses the credit-worthiness of the developer before proceeding with further preparations for tender submission. Thereafter, the contract manager and quantity surveyor from our contracts department will review the relevant documents to understand the specific requirements of the project and will clarify any technical or legal ambiguities with the developer or its appointed consultant. Internal costing and budgetary estimates of labour and material costs are then compiled by obtaining quotations from the relevant suppliers and pool of sub-contractors based on their track record and competitive pricing. Generally, the contract value is fixed. However, in some of our projects, there are provisions for us to pass on cost fluctuations for certain construction materials. After factoring in a profit margin into the cost estimates in determining the tender pricing, the tender documents are ready for submission.

(iii) Award of Contract

Construction contracts are typically awarded, on average, within three months after the close of tender. For private sector projects, contracts are normally awarded only after a comprehensive presentation by our tender committee and interview with the developers, for which the whole process may extend to more than six months from the submission of tenders.

(iv) Formation of the Project Team

Upon the award of a contract, we will assemble a project team, comprising the project director, project manager, site supervisors, safety and health supervisors, engineers, clerks, quantity surveyors and draftsmen from our project department to manage the project on a full-time basis. Site inspections and regular meetings would be held with various parties involved in the project to, amongst others, monitor the progress of the project, manage and co-ordinate the work of all parties, deploy the supply of all building materials and the usage of plant and machinery, ensure adherence to the internal budget and contract specifications and enforce safety and security procedures at the worksite in ensuring the timely completion and hand-over of the project to the developer.

(v) Appointment of Sub-Contractors and Suppliers

After we have been notified of the award of a contract, our contract department will prepare the necessary documentation to engage the various sub-contractors and suppliers based on the construction schedule. In particular, to hedge against fluctuations in the cost of sub-contracting services and the prices of basic building materials such as cement, sand, ready-mixed concrete, steel reinforcement bars and bricks, we would endeavour to enter into sub-contracts and purchase agreements with the sub-contractors and suppliers, respectively, to “lock-in” our costs for the entire duration of the building project, where possible.

The construction contract between the developer and ourselves could specify that the developer is to nominate the sub-contractor for certain sub-contracting services or the supplier for certain building materials. In such an instance, we will not be exposed to any fluctuations of the costs for such sub-contracting services or prices for such building materials as these will be borne by the developer itself. Please see the section entitled “Risk Factors” of this Prospectus which highlights the risk of cost overruns and increases in costs for which our Group is exposed to.

(vi) Construction

Building and civil engineering construction may be divided into two main components: sub-structure works which are undertaken first, and super-structure works which are undertaken subsequently. Sub-structure works include piling, the construction of pile caps, ground and basement beams and slabs. Super-structure works comprise the construction of upper storey beams, columns, floor slabs and walls, mainly through pre-cast components although cast-in-situ are also employed. Mechanical and electrical works are performed concurrently as the super-structure is completed floor-by-floor. They include the installation of elevators, air-conditioners, electrical works, sanitary and plumbing works and security systems. Thereafter, the finishing architectural works such as tiling, plastering and painting are carried out. During the construction process, the project manager or designate staff shall ensure that appropriate quality planning and measures are carried out, so as to meet the specified requirements for the project.

(vii) Variation Orders and Hand-Over of Project

During the course of building and civil engineering construction, we may be required to perform variation orders for additional works not forming part of the original contract specifications or to carry out variations to the original specifications. As these are outside the scope of the original contract, the variation orders have to be separately documented and acknowledged by the developer and the contract value separately negotiated. Upon completion of construction, we will officially hand-over the project to the developer.

(viii) Maintenance Works after Hand-over

Construction contracts would typically include a defects liability period, typically 12 to 24 months, during which we will be responsible for making good any defects found in the completed building. During the defects liability period, our customers will continue to retain the performance bond that was provided to them at the commencement of the construction project. For our private sector construction projects, our customers will additionally retain a sum, typically 2.5% of the contract value, during the defects liability period.

Property Development

The key stages of our property development process are described below:

(i) Analysis on viability

We regularly source for potential sites for development and liaise with external property agents and contacts who recommend land sites with the potential for development. Before any land acquisition, our property development team would typically evaluate the viability and profitability of the proposed development project as well as the associated risks by considering various factors including:

(a) purchase price of the plot of land;

(b) type of property development;

(c) target group of buyers;

(d) availability of financing;

(e) time required to complete the particular property development project;

(f) necessary approvals from the relevant authorities;

(g) market conditions;

(h) supply and demand;

(i) competition; and

(j) government policies.

(ii) Site Acquisition and Project Design

If the results from the above analysis are satisfactory, we will then attempt to acquire the site. Upon acquisition of the land, a team of architects and consultants will be engaged to design the project. These architects, engineers and other consultants will then provide support to our property development team to obtain the necessary planning and building permissions from the relevant authorities.

(iii) Construction

Under the relevant regulations in the PRC, a foreign company that wishes to undertake construction projects in the PRC must set up a foreign investment company and be registered as a qualified construction enterprise in the PRC. The foreign investment construction company can be a wholly foreign-owned construction enterprise(1) or a Sino-foreign equity construction joint venture(2) and there are various restrictions in the types of construction projects that the foreign investment construction company can undertake. As such, we do not undertake the construction work of our property development projects in the PRC ourselves and we will engage building contractors via a tender process or by invitation.

Notes:

(1) A wholly foreign-owned construction enterprise can only undertake four types of construction projects within the permitted scope of its qualification. These are namely projects which are wholly funded by foreign investment and/or foreign grant; projects which are financed by international financial organisations and awarded through international tendering process in accordance with the provisions of the loan agreement; Sino-foreign joint construction projects where the foreign investment is equal to or more than 50% or where the foreign investment is less than 50% but which Chinese-funded construction enterprises cannot undertake independently due to technical difficulties subject to the approval by relevant authorities; and China-invested construction projects which Chinese-funded construction enterprises cannot undertake independently due to technical difficulties subject to the approval by relevant authorities.

(2) A Sino-foreign equity construction joint venture can only undertake construction projects within the permitted scope of its qualification.

(iv) Launch

Generally, we aim to launch the project as soon as possible in order to shorten the overall development cycle. The project is launched as soon as construction progress reaches the legal stipulated stage. The exact timing of launch however depends on market sentiment, among other things. The construction period is usually about one to two years. We may use our internal marketing team or appoint third party marketing agencies for our project launches.

QUALITY ASSURANCE

Our Group places strong emphasis on quality control to ensure that the quality of our projects comply with relevant regulations and to maintain our reputation and market standing.

To ensure the quality of our construction projects, our Group ensures that our sub-contractors, architects and other building professionals have the relevant experience and proven track records. At each stage of the construction up to the handing over of the finished building, we conduct regular inspections to ensure that each stage is constructed according to the building specifications and the prescribed procedures and methods.

In order to ensure that we maintain high standards of quality and as part of our efforts to monitor quality and service levels, we have established the following quality objectives and aim to achieve these objectives:

- To focus on satisfying and exceeding customers' expectation and to continuously achieve and maintain good feedback and repeat business from our customers;
- To achieve and maintain a good working environment for everyone in our Group;
- To achieve profitable growth with the commitment to provide internationally recognised quality service standard;
- To improve the quality of the work so as to reduce wastage;
- To deliver all projects on time and to operate within the given budget; and
- To achieve continual improvement of resources through training and work processes via work improvement activities.

As a testament to our quality commitment, we have been awarded the ISO 9001:2000 certification. The BCA launched the BCA ISO 9000 Certification Scheme in 1991. The objective of this scheme is to promote the adoption of international quality management system standards in Singapore's construction industry. The BCA ISO 9000 Certification Scheme provides certification for the SS ISO 9001:2000 standard, which specifies requirements for a quality management system for any firm that needs to demonstrate its ability to consistently provide products that meet customer and applicable regulatory requirements and aims to enhance customer satisfaction. The BCA ISO 9000 certification is awarded to companies in the architectural, engineering, contractor, property, building materials and related fields. It recognises companies that have demonstrated continuous and effective operations of a quality management system which meets the ISO 9000 standards and the terms and conditions of the certification scheme. Please refer to the section entitled "General Information on our Group — Awards and Accreditations" of this Prospectus for more information and details of our other certifications.

With regard to our property development projects in the PRC, quality management begins with the careful selection of design teams and contractors who will carry out the work. During the design and construction process, our engineering team will ensure that quality design and construction is achieved in a systematic approach.

WORK PLACE ENVIRONMENTAL, HEALTH AND SAFETY MEASURES

We are also dedicated to taking due care and interest in the environmental, health and safety concerns of our customers, staff, workers, subcontractors, suppliers and the public. We have established a set of environmental, health and safety management policies for consistent application across all projects and departments. It is designed to cover environmental aspects and occupational health and safety hazards which we can control and arrange as well as those that we do not control or directly manage but can be expected to have an influence over. It also includes a commitment to continual improvement, accident reduction and the prevention of pollution, as well as a commitment to meet or exceed relevant environmental health safety legislation, regulations and other requirements. Where safety measures are not to the satisfaction of the MOM, corrective actions will be implemented and measures taken to ensure such incidents do not recur. For instance, meetings will be conducted by our EHS Department (Environment Health and Safety Department) in conjunction with the respective worksite's management to brief the worksite personnel on the areas which resulted in demerit points or stop-work orders being issued, and the proper work procedures and precautionary measures to be taken to avoid the recurrence of similar incidents. In addition, half yearly safety audits will be conducted by our EHS Department and external safety audit firms. The frequency of inspection by the external safety audit firms will be increased to once every quarter if we accumulate a certain number of demerit points.

Save for a fatal incident which occurred at our scaffold material storage yard at Tuas Basin Close in 2006, we have had no major accidents in the last three financial years ended 31 December 2008 and up to the Latest Practicable Date. As such, we have been awarded the ISO14001:2004, OHSAS 18001:2007 and SS506: Part 1:2004 certifications by the BCA.

A summary of the relevant work place environmental, health and safety measures that are applicable under PRC law is provided in Annex C under the heading "Major Environmental Protection Requirements" of this Prospectus.

As a property developer in the PRC, our contracts with our contractors and suppliers are drafted such that they meet all the relevant legal requirements stipulated under PRC law.

AWARDS AND ACCREDITATIONS

Over the years, we have received accreditations and awards from various government bodies and industry authorities in the following areas:

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
BCA			
ISO 9001 Quality Certification for Building Construction and Civil Engineering	Since 1995	Corporate	The ISO 9001 standard is an emerging global standard for product and process quality, adopted by 91 countries which comprises the International Organisation for Standardisation (ISO). ISO 9001 is best known in European countries which use the certification as a means of identifying companies dedicated to providing customers with the best product and service possible.

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
OHSAS 18001:2007 Certification of Registration (Occupational Health and Safety Management System) — for building and civil engineering construction services	Since 2002	Corporate	This award is in recognition of our provision of a safe and healthy working environment for our employees.
ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System) — for building and civil engineering construction services	Since 2002	Corporate	This is due to our continuous commitment in ensuring that our activities, products and services do not have an adverse impact on the environment.
SS506:Part12004 Certificate of Occupational Safety & Healthy Management System — for building and civil engineering works	Since 2008	Corporate	This is due to our continuous commitment in ensuring that our activities, products and services do not have an adverse impact on the environment.
BCA Construction Excellence Award	2009	St Regis Hotel & Residential Development	This award gives recognition to construction firms for achieving excellence in areas of management, technology and construction quality.
	2007	Home Team Academy Jurong Pier Flyover Deep tunnel sewerage systems at Kim Chuan Link and Seletar Link	
	2006	Golden Hill Villas One Marina Boulevard	
	2004	NTUC FairPrice Fresh Food Distribution Centre Bedok Green Secondary School Meritus Hotel at Shantou, PRC	
BCA Built Environment Leadership Awards — Gold	2009	Corporate	The inaugural Built Environment Leadership Award is introduced to recognise outstanding industry firms such as developers, consultants (Architectural, Structural and M&E) and builders that have demonstrated excellence and leadership in shaping a safe, high quality and sustainable environment in Singapore.
BCA Green and Gracious Builder Award	2009	Corporate	This inaugural award serves to recognise the efforts of progressive builders in addressing environmental and public concerns arising from construction works and hence enhances the image of the industry.

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
BCA Design & Engineering Safety Excellence Award	2009	St Regis Hotel & Residential Development Parc Emily	This award serves to provide recognition to project parties for their efforts in devising ingenious design processes and solutions to overcoming project challenges to ensure safety in the design and construction of buildings.
Best Buildable Design Award	2005	Golden Hill Villas One Marina Boulevard Park Green	This award is conferred annually as a recognition for designers who achieve highly buildable designs and was introduced to recognise the contribution of the Qualified Persons (QPs) in achieving construction efficiency through the adoption of buildable designs. The award is intended to promote greater awareness and use of more buildable designs. (This award has been discontinued since 2008)
	2002	Westwood Secondary School	
	1999	Queenstown Secondary School Siglap Secondary School	
Construction 21 Best Practice Award For implementing waste water recycling systems for silt water management and recycling for construction usage	2006	Corporate	The Construction 21 Best Practice Awards (C21 BPA) was launched in May 2000 to recognise companies and organisations which demonstrate leadership, innovation and sustained efforts in adopting best practices that exemplify the paradigm shift and strategic changes recommended in the C21 Report. This is to help develop a more progressive construction industry. (This award has been discontinued since 2007)
Construction 21 Best Practice Award For implementing an Integrated Business Process and Information Management System for Contractor's Operations	2004	Corporate	
Green Mark Award	2009	Marina Bay Financial Centre — Phase 2 (Gold Plus)	The BCA Green Mark Scheme was launched in January 2005 as an initiative to move Singapore's construction industry towards more environment-friendly buildings. It is intended to promote sustainability in the built environment and raise environmental awareness among developers, designers and builders when they start project conceptualisation and design, as well as during construction.
	2008	Shelford Suites (Gold Plus) The Wilkie (Gold Plus) Marina Bay Financial Centre Phase 1 — Commercial component (Gold)	
	2006	Tribeca (Gold) St Regis Hotel & Residential Development (Gold Plus)	
	2005	Parc Emily (Gold)	

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
SPRING			
Singapore Quality Class	Since 2002	Corporate	This award recognises organisations that have attained a commendable level of performance in the journey to business excellence. Business excellence covers the seven dimensions of leadership, strategic planning, information, people, processes, customers and results.
Eureka Award For implementing a mobile platform to replace the traditional external scaffolding, called 'Fly Cage' for workers' working access	2003	Corporate	The National Innovation and Quality Circles (IQC) Award is the highest accolade given to organisations, circles and individuals in the National IQC Movement. The Award recognizes organisations, circles and individuals for excellence in employee involvement through IQC activities. It highlights the importance of IQC as a platform for business excellence. This award is conferred by SPRING Singapore to the most innovative project that has employed unique methodology and technique, and contributed to an organisation's performance.
Royal Society for the Prevention of Accidents (UK) (RoSPA)			
RoSPA Award for Industry Safety	2009	Capella (Gold) Hilltops (Gold) Sky @ Eleven (Gold) Tribeca (Gold) The Wilkie (Gold)	RoSPA Silver Award winners have achieved a high level of performance underpinned by good management systems which are delivering consistent improvement and are working towards the level of excellence required for a Gold Award. RoSPA Gold Award winners have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.
	2008	The Arc at Draycott (Gold) Capella (Gold) Hilltops (Gold) Parc Emily (Gold) Riveredge Condominium (Gold) Sky @ Eleven (Gold) Tribeca (Gold)	
	2007	Parc Emily (Gold) Tribeca (Gold)	
	2006	Parc Emily (Silver)	

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
RoSPA High Commendation Award for Excellence in Health & Safety at Work in the Construction Industry (International Sector Award)	2009	Corporate	In 1993 RoSPA introduced individual Sector Awards to be presented annually for the most outstanding performance in health and safety by a company or organisation within a particular industry or sector.
RoSPA Commendation Award for Excellence in Health & Safety at Work in the Construction Industry	2008	Corporate	Entrants must be able to demonstrate a robust and high quality safety management system together with a minimum of four years' consistently excellent or continuously improving health and safety performance.
City Developments Limited			
City Developments Limited's Environmental, Health and Safety Excellence Awards	2009	Tribeca Shelford Suites	This award recognizes high standards in environmental, health and safety aspects of construction.
	2007	Tribeca	
	2005 and 2006	Parc Emily	
Ministry of Manpower			
Annual Safety and Health Performance Award	2006	Parc Emily (Gold)	This award is to give recognition to companies which have performed well in safety through the implementation of sound safety management systems organized by the Ministry of Manpower. The Ministry promotes occupational health and safety at a national level to reduce, and if possible, eliminate workplace hazards and strives to position Singapore to be renowned for best occupational safety and health practices.
	2005	Goldenhill Villa (Silver) Pumping Main Contract 3 (Silver) Seletar Link Sewer Contract 1	
Safety and Health Award Recognition for Projects	2007	Parc Emily	Safety and Health Award Recognition for Projects (SHARP) were presented to projects or worksites that achieved good safety and health performance through implementation of effective workplace safety and health management system.
WSH Best Practices Award	2007	Parc Emily (Safety Solutions — Working at heights — Fall Prevention Formwork System) Parc Emily (Noise Control — Silent Formwork System)	This award recognises companies for their efforts in eliminating or controlling workplace safety and health hazards.

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
WSH Innovation award	2006	Parc Emily (Silver) ("Mobile Carrier Cage" for safe handling of gas cylinders)	This award recognises project teams with innovative solutions which improve safety and health in workplace.
Public Utilities Board ("PUB")			
PUB Watermark Award	2007	Corporate	This award gives higher recognition to Friends of Water who go the extra mile in raising awareness about water and what it takes to sustain Singapore's water supply. The Watermark Award was introduced for the first time in 2007.
PUB Friends of Water in 2006	2006	Corporate	Friends of Water is a PUB initiative to recognize organisations and individuals who have contributed towards raising awareness about water and what it takes to sustain Singapore's water supply.
Singapore Contractors Association Limited ("SCAL")			
SCAL Award 2003	2003	Corporate	This award is accorded in recognition of contractors who have demonstrated the highest standards of contracting practices and performance in Singapore in the areas of quality, safety and environmental sustainability, encourage contractors to maximize returns on investments to its shareholders and encourage contractors to improve their standards and benchmark against the best contracting practices in the region. We are the only recipient for this award for the year 2003, which was when the award was first launched.

Statutory Organisation Awards/ Accreditations	Year	Awarded to Project	Criteria/Significance
Urban Redevelopment Authority			
Architectural Heritage 2009 Awards — Category A	2009	Capella	The annual architectural heritage awards recognise owners, professionals and contractors who have gone the extra mile to sensitively restore their heritage buildings to their former glory for today's use. The awards promote quality restoration of monuments and buildings with preservation and conservation status in Singapore. Category A is for national monuments and fully conserved buildings in the historic districts and good class bungalow areas. Buildings fully conserved according to the restoration principles in other areas can also be considered under this category. Buildings are assessed on how closely they adhere to quality restoration principles.

PRODUCTION FACILITY

We currently do not own or use any production facility as we are not engaged in production activities. We intend to set up an automated pre-cast facility in Tuas South Avenue 1 to provide support for our construction projects as well as to provide pre-casting services to external contractors. We have submitted the design plans for the pre-cast factory to the relevant authorities in August 2009 and expect to commence construction after all relevant approvals have been obtained. Subject to the receipt of such approvals, we expect the pre-cast factory to be ready around end-2011. Please refer to the section entitled "Prospects, Trends, Business Strategies and Future Plans" of this Prospectus for further details.

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out any significant research and development activities.

However, our staff continually update themselves on the new developments in construction methodology and design. Our staff also attend relevant courses conducted by the BCA on these topics to keep up-to-date with the latest developments. We also try to adapt to any changes in government regulations to improve on our building efficiency and design. Please refer to the section entitled "General Information on our Group — Staff and Workers Training and Development" of this Prospectus for further details.

INTELLECTUAL PROPERTY

Our subsidiary, Robin Village, has entered into a know-how licence agreement for the manufacture and distribution of the cobiax technology in Singapore with Cobiax Technologies AG on 1 September 2009 (the "Licence Agreement").

The cobiax technology was developed in Switzerland and has been designed to decrease the usage of concrete in construction. This will also help to reduce the carbon footprint of construction activities.

Pursuant to the Licence Agreement, Robin Village has the exclusive right, for a term of 10 years from 1 September 2009 to 31 August 2019, to manufacture and supply cobiax cage modules (the "Products") to customers for projects located in Singapore and/or to use the relevant technology in projects within Singapore in which Robin Village is acting as the contractor, frame contractor, design and build contractor or developer.

In consideration of the grant of such exclusive rights, Robin Village had on 1 September 2009 paid Cobiax Technologies AG an upfront royalty payment and shall continue to pay the volume-related royalty payments in accordance with the terms and conditions of the Licence Agreement.

In the event that such exclusive rights are revoked or terminated for any reason whatsoever, our Directors believe that there will be no material adverse impact to our operations because our Group can revert to the use of conventional construction technology.

We have also applied to register our corporate logo, as provided below, under our Company's name in Singapore as a registered trademark on 6 November 2009. We received notification from the Intellectual Property Office of Singapore (the "IPOS") that our application has been accepted for publication on 15 January 2010. As two months have lapsed since the publication and no opposition to the application was received, our Company expects to receive the registration certificate from IPOS by mid-April 2010.

SEASONALITY

Our business is generally not subject to any seasonal fluctuations.

GOVERNMENT REGULATIONS

Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore, PRC and PNG. We have thus far not experienced any adverse effects on our business in complying with these regulations.

To the best of our Directors' knowledge, we have obtained all requisite approvals and are in compliance with all laws and regulations that would materially affect our business operations and we have not contravened any relevant laws and regulations.

Singapore

The following is a summary of the main laws and regulations of Singapore that are relevant to our business as at the Latest Practicable Date.

Contractors' Registry

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Pursuant to the Building Control (Amendment) Act 2007, builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed. The Building Control (Amendment) Act 2007 will be discussed in greater detail below.

In addition to obtaining the requisite licences, registration in the contractors' registry maintained by the BCA is a pre-requisite to tendering for projects in the public sector and the contractors' registry is subject to review every three years. Presently, there are six major categories of registration, some of which are further sub-classified into six to seven grades, depending on the category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, *inter alia*, the value of previously completed projects and personnel resources. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital.

Tiong Seng Contractors is currently registered with the highest BCA grading of A1 under the categories of CW01 for general building and CW02 for civil engineering. Each category of CW01 and CW02 is classified into seven grades whereby the highest grading of A1 enables Tiong Seng Contractors to tender for public sector construction and civil engineering projects of unlimited value. To maintain Tiong Seng Contractors' existing A1 gradings, there are certain requirements to be complied with, including but not limited to the following:

- maintaining a minimum paid-up capital and net worth of S$15,000,000;
- employing at least 24 professional and technical personnel with relevant qualifications;
- obtaining certificates such as ISO 9000:2000, ISO 14000, OHSAS 18000/SS506 Part1;
- engaging in general building projects worth S$150,000,000 of which S$75,000,000 consists of projects executed in Singapore, S$112,500,000 consists of main contracts (nominated sub-contracts may be included) and S$37,500,000 consists of minimum size single projects; and
- engaging in civil engineering projects worth S$150,000,000 of which S$75,000,000 consists of projects executed in Singapore, S$75,000,000 consists of main contracts (nominated sub-contracts may be included) and S$37,500,000 consists of minimum size single projects.

Building Control (Amendment) Act 2007

Changes have been made to the Building Control Act by way of the Building Control (Amendment) Act 2007. Pursuant to the Building Control (Amendment) Act 2007, builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution, have to be licensed. That Act came into effect on 16 December 2008 and builders were given a period of six months from 16 December 2008 to apply for a licence.

The objective of the amendments is to strengthen the building control regulatory framework to raise the professionalism, quality and safety standards in the construction industry. It also puts in place the recommendations of the committee which was formed to examine the regulation of the construction process following the Nicoll Highway collapse. Some examples of amendments include more stringent regulation of underground building works, provision of adequate site supervision, ensuring the independence of parties in a construction project and the raising of penalties for non-compliance with building control regulatory requirements. There are also new provisions setting minimum standards of environmental sustainability for buildings and which require the continual maintenance of barrier-free provisions in buildings.

In particular, one of the key amendments in the Building Control (Amendment) Act 2007 is the licensing of builders that will set minimum standards of professionalism for general builders and six selective specialist builders. Licensing will apply to builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution. Builders will be licensed under two registers, such licence to be renewable on a three-yearly basis. The two registers are the General Builder Register and the Specialist Builder Register. Under the General Builder Register, there are two categories. General Builder Class 1 consists of general building works of unlimited value and General Builder Class 2 consists of general building works of contract values of SGD 6 million or less.

As at the Latest Practicable Date, our subsidiaries, Tiong Seng Contractors and Robin Village, are registered as builders under General Builder Class 1 of the General Builder Register pursuant to the Building Control (Amendment) Act 2007 which enables us to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e., ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork) and Robin Village and Steeltech have been registered under two categories of the Specialist Builder Register (i.e. pre-cast concrete work and structure steelwork, respectively).

It is noteworthy that main contractors registered under General Builder Class 1 will need to comply with requirements on Construction Registration of Tradesmen Scheme ("CoreTrade") on construction personnel. The objective of CoreTrade is to build up a permanent core of localized workers in key trades for the retention of skills and experience so that this core group of experienced and skilled workers will enable the industry to enhance quality and safety standards and raise the professionalism of the workforce. Under CoreTrade, main contractors have to ensure that, at project level, a stipulated number of their construction personnel are localized workers, i.e. Singaporeans, permanent residents or workers of a traditional source, deployed in key trades. All General Builder Class 1 contractors carrying out building works with project contract value of SGD 20 million and above will be required to submit a project employment plan to the BCA. The plan will set out the number and proportion of registered construction personnel to be deployed for the key trades for the duration of the project. It is the responsibility of the General Builder Class 1 contractor to ensure that the deployment requirements are met and the submission of the plan will be a requirement for the issue of the permit to carry out building works.

Factory Registration/Factory Permit

For premises that are carrying out building operations and any work of engineering construction, the occupiers are required by the MOM to register the premises (or worksite) as a "factory" with the Commissioner for Workplace Safety and Health ("CWSH") pursuant to the Workplace Safety and Health (Registration of Factories) Regulations 2006 ("WSH Factories Regulations"). Under the WSH

Factories Regulations, occupiers of premises or worksites in which building operations and works of engineering construction are intended to be carried out (save for any premises or worksites in which building operations (other than excavation or piling works) or works of engineering construction are being carried out for a period not exceeding two months) must apply to the CWSH to register the worksite as a "factory" one month before the works begin. A certificate of registration issued by the CWSH is valid for a period of one year and may be renewed subsequently upon the payment of a renewal fee. The CWSH may, instead of registering any premises as a "factory", issue a factory permit, with or without conditions, authorising the applicant to occupy the premises as a factory. A factory permit is valid for such period not exceeding six months as may be specified in the permit and may be extended subsequently for such period not exceeding six months as the CWSH may determine upon the payment of an extension fee.

Workplace and Health Safety Measures

Under the MOM's Workplace Safety and Health Act 2006 ("WSHA"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations 2006 ("WSHR"). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any biohazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner ("Authorised Examiner"), who is authorised by the CWSH, before they can be used in a factory and thereafter, at specified intervals:

- hoist or lift;
- lifting gears;
- lifting appliances and lifting machines; and
- air-compressor

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment/occupier of the factory to ensure that the equipment complies with the provisions of the WSHR and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a Demerit Points Scheme for the Construction Industry in 2000 as a means to encourage construction contractors to improve workplace safety and health records to improve on their performance. Under this scheme, construction main contractors and sub-contractors who are found to have violated safety requirements at worksites will be issued with demerit points. The number of demerit points awarded will depend on the severity of the infringement. Contractors who receive more than 18 demerit points within a 12-month period will receive a formal warning from MOM, with more stringent corrective action, for that particular worksite which has exceeded 18 demerit points, like the debarment from employing Non Traditional Source (NTS) foreign workers to follow if there is continued accumulation of demerit points. Non Traditional Source (NTS) include those from Bangladesh, Pakistan and Thailand. A contractor that has been issued with demerit point(s) will be informed in writing by the MOM. Each demerit point is valid for 12 months. The table below sets out the penalties that apply to the accumulation of demerit points by main contractors:

First Stage	A warning letter will be issued to the main contractor if the total points accumulated by such contractor exceeds 18 demerit points within a 12-month rolling period.
Second Stage	The following will apply to an individual worksite if the total points accumulated by the worksite exceeds 18 demerit points: • 6-month MYE freeze(1) for 1st occurrence; • 12-month MYE freeze for 2nd occurrence (within 12 months of the 1st occurrence); and • 24-month MYE freeze for 3rd or subsequent occurrences (within 12 months of the previous occurrence). A main contractor will have its records cleared when all its worksites do not accumulate any demerit points for a rolling period of 12 months.
Post Second Stage	A 24-month MYE freeze will be extended to all worksites under the company if three of its worksites have each accumulated more than 18 demerit points within any 12-month period i.e. the company's MYE has been frozen three times within a year.

Applications from the company for new and renewal of all types of work passes for all foreign employees will also be rejected.[(2)]

Notes:

(1) When the Man-Year Entitlement (MYE) allocated to a worksite is frozen, the MYE cannot be used by the company or its sub-contractors for the employment of new non-traditional source (NTS) workers and the renewal of existing NTS workers.

(2) Source: MOM website. For further details please refer to the following link: http://www.mom.gov.sg/publish/momportal/en/communities/workplace_safety_and_health/maintaining_a_safe_workplace/demerit_point_scheme.html. MOM has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under Sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

Environmental Laws and Regulations

The Environmental Public Health Act (Chapter 95) ("EPHA") requires, *inter alia*, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and/or its statutory board, the National Environmental Agency, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA.

The Environmental Pollution Control Act (Chapter 94A) seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, *inter alia*, air pollution, water pollution, land pollution and noise control. Under the Environmental Pollution Control (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such Regulations.

Approval and Execution of Plans of Building Works

Under the BCA's Building Control Act (Chapter 29), no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control ("CBC") and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. Before an application to the CBC for the approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("Qualified Person") to prepare the said plans in accordance with the Building Control Regulations 2003, and to supervise the building works. The carrying out of structural elements and concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him. Under the Building Control Act, a builder undertaking any building works shall, *inter alia*, (i) ensure that the building works are carried out in accordance with the plans of the building works supplied to it by the Qualified Person and with any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003, (ii) notify the CBC of any contravention of the provisions of the Building Control Act or the building regulations in connection with those building works and (iii) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, *inter alia*, design and construction and the installation of exterior features. For example, (i) no person shall, without the permission of the CBC, install any lift in any building; (ii) in installing an air-conditioning unit on the exterior of any building or which projects outwards from any building, a trained air-conditioning unit installer would have to be engaged to carry out the installation works relating to the air-conditioning unit; and (iii) whenever soil investigation and determination of the depth of the water table are to be carried out in respect of any building works, the Qualified Person shall submit the soil investigation reports to the CBC.

If the CBC is of the opinion that any building works, other than structural works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

Under the Fire Safety Act (Chapter 109A), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence (“CCD”) for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

Where, in the opinion of the CCD, any fire safety works are carried out or have been carried out in contravention of the Fire Code, the Fire Safety Act or any regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn, (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Code, Fire Safety Act or any regulations made thereunder, or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or cause to be stored or kept, any petroleum or flammable material except, *inter alia*, under the authority of and in accordance with the provisions of a licence from the CCD and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2005.

Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract for Construction Works ("PSSCOC") was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, *inter alia*, the general obligations of the contractor, programme for the works, quality in construction, commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

Employment of Foreign Workers

The availability and the employment cost of skilled and unskilled foreign workers are affected by the Government's policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, *inter alia*, the Employment of Foreign Workers Act, Chapter 91A, of Singapore and the relevant Government Gazettes.

The availability of foreign workers to the construction industry is regulated by the MOM through the following policy instruments:

(a) approved source countries;

(b) issuance of work permits;

(c) the imposition of security bonds and levies;

(d) dependency ceilings based on the ratio of local to foreign workers;

(e) skill trade test requirement whereby the foreign worker will need to meet a basic skill requirement before he can work in Singapore; and

(f) quotas based on Man-Year Entitlements ("MYE") in respect of workers from Non-Traditional Sources ("NTS") and the PRC.

The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources ("NAS"). NTS countries consist of India, Sri Lanka, Thailand, Bangladesh, Myanmar, the Philippines and Pakistan. NAS countries consist of Hong Kong, Macau, South Korea and the PRC.

Before we are allowed to employ construction workers from the approved source countries, In-Principle Approvals ("IPAs") have to be sought for each individual's work permit. The foreign construction worker is required to undergo a medical examination by a registered Singapore doctor and must pass such medical examination before a work permit can be issued to him.

For each NAS, NTS or PRC construction worker whom we have successfully obtained a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Immigration. The employment of foreign workers is also subject to the payment of levies. Currently, the amount of foreign worker levy payable on each unskilled foreign worker is S$470 per month and the amount of foreign worker levy payable on each skilled foreign worker is S$150 per month. Pursuant to the Singapore Government's Budget 2010, there will be an increase in the foreign workers' levy every six months from July 2010 till July 2012.

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore

Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers. Pursuant to the Singapore Government's Budget 2010, the MOM has announced that there will be a reduction in MYE by 25% over three years for the construction sector.

The MYE allocation system is a work permit allocation system pertaining to the employment of construction workers from NTS and the PRC. MYEs represent the total number of foreign workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least S$500,000. To employ NTS and PRC construction workers, the employer must make an application for MYE, "Prior Approval" and IPAs for individual work permits. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYE. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor's MYE will expire on the completion date of the relevant project.

Under the work permit conditions, employers are required to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set by various government agencies, including the National Environment Agency, the PUB, the Singapore Civil Defence Force and the BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the URA, Singapore Land Authority, Jurong Town Corporation and the HDB.

An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act (Chapter 91), the Employment of Foreign Workers Act (Chapter 91A), the Immigration Act (Chapter 133) and the Immigration Regulations.

Workmen's Compensation

The Workmen's Compensation Act (Chapter 354) ("WCA"), which is regulated by the MOM, applies to workmen (as defined under the WCA) in all industries in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WCA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WCA.

The WCA provides, *inter alia*, that, where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

Building and Construction Industry Security of Payment Act ("BCISPA")

The BCISPA, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also contains provisions relating to, *inter alia*, the amount of progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISPA, *inter alia*, endorses the following rights:

(i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

(ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgment debt, if such claimant is not paid after it obtains judgment against the respondent pursuant to an adjudication; and

(iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

Other Jurisdictions

For a summary of the main laws and regulations of the PRC and PNG that are relevant to our business in the PRC and PNG as at the Latest Practicable Date, please refer to Annexes C and D of this Prospectus, respectively, for further details.

INSURANCE

We have taken up workmen's compensation insurance, public liability insurance and contractors' all risks insurance in connection with our projects and based on contract requirements.

For our office premises and the Tuas Basin premises which is used to house our building materials temporarily, we have maintained insurance policies which cover such premises for losses due to fire. As for staff and employees, we have taken up policies for group hospitalisation and surgical insurance.

Our Directors are of the view that our Group's business and operations are sufficiently covered by the current insurance policies taken up.

BUSINESS DEVELOPMENT, SALES AND MARKETING

Business Development

Our business development team is led by our CEO and Executive Director, Mr Pek Lian Guan.

Our business development team charts out our Group's annual business plan in response to the market conditions and trends, business opportunities and our customers' needs. Subsequently, the team formulates market penetration strategies according to our Group's annual business plan, which are executed by the relevant staff. Having a business development plan in place enables us to adjust our business model and required resources in advance so as to capture market opportunities.

Through our above business development process and our sales and marketing activities mentioned in the following section, we are able to secure projects through:

1. open or invited tenders;

2. in-house projects where we are either the developer or the main contractor;

3. value-added solutions to meet our customers' needs; and

4. referrals and recommendations by our business partners and customers.

Sales and Marketing

Our Group's sales and marketing activities for our property development business are carried out by each regional subsidiary under the lead of the General Manager in that company. Each General Manager is responsible for strategizing our sales and marketing activities with the assistance of third party professional marketing advisers.

A sales and marketing team will be formed for each development project. Typically, such a team consists of three to five permanent staff, and the remaining members of the team will be made up of staff that we hire on short-term contractual basis. Staff that we hire on a short-term contractual basis will undergo the necessary training and usually handle the sales activities at our property sales offices. Their contracts generally last for the duration of the sales period.

Alternatively, we may also choose to use real estate agencies in managing and executing the sales of our development. These agencies are paid on a commission basis and such commission varies between 1.5% to 3% of the total sale price, depending on the scope of work that they undertake.

In addition to the aforesaid, we also advertise our development projects in local newspapers, over the internet, and on the television and radio as well as carry out direct marketing such as mailing flyers to target customers. We also put up promotional banners around our property developments and site areas which can be easily seen by the public. In addition, we set up on-site sales and reception centres with showflats, where possible, on display for potential purchasers' visit and evaluation.

We are a niche property developer with developments that are primarily targeted at middle income purchasers and investors. As such, our sales and marketing team will focus on maintaining and developing our Group as a niche property developer.

INVENTORY MANAGEMENT

We generally do not maintain raw materials and inventories in advance so as to minimise carrying cost. We usually purchase raw materials as and when required based on the budget and costing requirements as set out by the contracts department and management when a contract is secured. Also, in cases where we sub-contract the work for building projects, the sub-contractor will be responsible for the raw material purchases.

CREDIT MANAGEMENT

Credit Management

Construction

The credit terms extended to our customers vary depending on the size of the transaction or contract. Typical credit terms for our construction business range from 14 days to 35 days and the trade receivables turnover (in days) for our construction segment for FY2006, FY2007, FY2008 and FP2009 were as follows:

	FY2006	FY2007	FY2008	FP2009
Trade receivables turnover days[(1)]	119	101	115	107

Note:

(1) Trade receivables turnover (in days) is computed using the formula:

$$\frac{\text{(Opening balance + closing balance of trade receivables in construction segment)/2}}{\text{Construction revenue}} \times \text{Number of days in the period}$$

Total trade receivables include retention monies that were withheld by our customers for completed construction projects (typically for 12 months) and accrued receivables which relate to construction works which have been completed but are pending architects' certification. Should these amounts be excluded, our trade receivables' turnover days for our construction business would be as follows:

	FY2006	FY2007	FY2008	FP2009
Trade receivables turnover days	49	28	32	25

The trade receivables turnover days was higher in FY2006 due mainly to the commencement of several new projects in FY2006 which led to higher turnover days for FY2006 as a whole. The relatively higher billed receivables for preliminaries expenses during the commencement of projects had the numerical effect of increasing the receivables turnover days as it affects the numerator (receivables) to a larger extent than the denominator (revenue recognised).

Our total trade receivables as at 31 December 2009 amounted to approximately S$86.8 million, including retention monies of S$39.1 million and accrued receivables of S$30.1 million. The aging schedule of the balance of our trade receivables (net of allowances) as at 31 December 2009 is as follows:

Period	S$'000
Less than 30 days	85,134
Between 31 and 60 days	2
Between 61 and 90 days	189
More than 90 days	1,510
	86,835

As at 22 March 2010,

(i) excluding accrued receivables and retention sums, approximately 97.1% of the trade receivables (net of allowances) as at 31 December 2009 has been collected;

(ii) approximately 4.7% of the retention monies have fallen due as at 31 December 2009 but have yet to be collected. The remaining amount of retention monies is not due for collection and will be collectable within the next 2 to 27 months from 22 March 2010; and

(iii) approximately 80.6% of the accrued receivables as at 31 December 2009 has been billed and collected. The remaining amount is mainly in relation to revenue that we had accrued for completed projects which are pending the finalisation of balance amounts with the respective customers.

Property Development

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

For our property development segment, we do not generally grant any credit to our customers.

Payment Terms

Construction

The usual credit terms extended to us by our contractors and suppliers are between 30 to 60 days. Our trade payables turnover (in days) for FY2006, FY2007, FY2008 and FP2009 were as follows:

	FY2006	FY2007	FY2008	FP2009
Trade payables turnover days(1)	71	47	27	22

Notes:

(1) Trade payables turnover (in days) is computed using the formula:

$$\frac{\text{(Opening balance + closing balance of trade payables in construction segment)/2}}{\text{Cost of Construction}} \text{ X Number of days in the period}$$

As we adopt the percentage of completion method to recognize our revenue and costs under the Singapore Financial Reporting Standards, the costs of construction will be affected by many factors, including but not limited to the progress of the projects, contract sums and their profitabilities. Any changes in these factors will affect the cost of construction and correspondingly, the trade payables turnover (in days). Accordingly, the trade payable turnover days may not be reflective of the actual credit terms.

The higher trade payables turnover days in FY2006 of 71 days were mainly due to the commencement of several new projects in FY2006. At the initial stages of project commencement, the percentage of cost of construction recognised is usually lower as our Group recognises construction revenue and costs using the percentage of completion method. Thus, in the initial stages of construction, the cost of construction recognised (denominator) may increase by a lesser extent than the trade payables balance (numerator), resulting in a higher payables turnover days.

Property Development

For our property development segment, we may from time to time acquire land use rights for development, with payment terms negotiated on a case-by-case basis. For payments to contractors, there are usually no credit terms being extended to us by our contractors. However, we generally settle payment within 30 to 60 days.

Doubtful trade debts

We have not experienced significant difficulties in collecting our trade receivables for both our construction and property development segments and therefore do not have significant allowance for doubtful trade debts. The amount of allowance for doubtful trade debts for FY2006, FY2007, FY2008 and FP2009 were as follows:

	FY2006	FY2007	FY2008	FP2009
Allowance for doubtful trade debts (S$'000)	23	385	234	234

Bad debts written off in FY2006, FY2007 and FY2008 were approximately S$135,000, S$317,000 and S$102,000 respectively. There were no bad debts written off in FP2009.

The increase in allowance for doubtful debts in FY2007 was primarily due to debts of approximately S$262,000 arising from Tiong Seng Contractors Private Limited, a company incorporated in India which was previously a subsidiary of our Group. This allowance was made for VAT receivables pending the finalisation of the VAT payable with the local tax authorities.

The decrease in allowance for doubtful debts in FY2008 was primarily due to the disposal of Tiong Seng Contractors Private Limited in that year.

STAFF AND WORKERS TRAINING AND DEVELOPMENT

To ensure our Group's future growth, it is essential that our staff are equipped with the relevant knowledge, skill and technical know-how. Therefore, we provide regular training for our staff. Given the competitive nature of the construction industry, we have to focus on improving efficiency to gain a competitive edge. This can be achieved through training and re-training the workforce so as to maximise their productivity and adaptability.

The need for training in the fast changing environment, which is regularly assessed by our Directors and department heads, arises when:

- new technology, equipment or machinery is introduced;
- job description is changed due to job enrichment or job enlargement;
- management system is updated or changed; and
- there are changes in laws and regulations affecting company operations.

Both on-the-job and off-the-job training are properly planned and monitored. There are also orientation programmes for new employees and our new staff undergo a period of on-the-job training under the close supervision of the project manager in charge. We also engage external trainers to conduct courses for our employees.

We provide various types of training to our staff and workers according to their job scopes and job functions. Such training includes courses on workplace safety, construction safety, human resources, working skills upgrades and the relevant statutory requirements and building regulations as required by the industry. In cases where we made significant purchases, such as the advanced formwork systems from PERI Asia Pte Ltd, selected staff underwent formalised training from PERI Asia Pte Ltd on the proper use of the equipment. After which, we also conducted a joint hands-on training session with

PERI Asia Pte Ltd for our site personnel and sub-contractors to pass on the relevant technical know-how and expertise as well as to allow them to gain practical experience from operating the equipment on site.

Since most of our training is conducted in-house and comprises mainly on-the-job training, the expenses incurred in relation to external staff training for each of the last three financial years ended 31 December 2008 and the nine-month period ended 30 September 2009 were not material.

MAJOR SUPPLIERS AND SUB-CONTRACTORS

The following are the major suppliers and sub-contractors who accounted for 5% or more of our purchases for each of the last three financial years ended 31 December 2008 and the nine-month period ended 30 September 2009:

Major Suppliers/ Sub-contractors	Type of Purchases/ Services	As a percentage of total cost of sales (%)			
		FY2006	FY2007	FY2008	FP2009
Kurihara Kogyo Co Ltd(1)	Electrical works and intelligent building management system	5.0	3.3	4.1	2.2
Natsteel Asia Pte Ltd(2)	Supply of cut and bend reinforcement bars	6.3	7.3	7.9	3.8
Dong-A Geological Engineering Co., Ltd.(3)	Civil engineering	4.0	10.7	3.3	0.3
Pan-United Concrete Pte Ltd(4)	Ready mixed concrete	0.5	6.1	5.4	2.2
Resource Piling Pte. Ltd.(4)	Bored piling works	1.3	6.6	4.7	4.1

Notes:

(1) For the periods under review, we engaged Kurihara Kogyo Co Ltd for our Home Team Academy and Capella projects. As the bulk of the work for the respective projects was done in FY2006 and FY2008, their contribution to our total cost of sales in FY2006 and FY2008 was comparatively higher than in FY2007 and FP2009.

(2) We purchase steel and rebar from Natsteel Asia Pte Ltd for most of our projects, and typically, such purchases were made during the structural phase of our projects. In FP2009, the structural phases for most of projects had been completed. As such, there was a decrease in the contribution of Natsteel Asia Pte Ltd to our total cost of sales in FP2009.

(3) From FY2006 onwards, we engaged Dong-A Geological Engineering Co., Ltd. for Tribeca and Marina Bay Financial Centre projects. The contribution of Dong-A Geological Engineering Co., Ltd. to our total cost of sales in a particular financial year/period depends on the requirements of the projects.

(4) We engage the services of Pan-United Concrete Pte Ltd and Resource Piling Pte. Ltd. based on competitive quotes. Thus, the contribution of Pan-United Concrete Pte Ltd and Resource Piling Pte. Ltd. to our total cost of sales for the financial year/period under review may vary from time to time.

Our Group's purchases from our suppliers and sub-contractors vary from year to year depending on the specific requirements of our projects. The usual practice is to obtain quotes and tenders from several suppliers and sub-contractors and engage the services of those who are able to meet the project time schedule and can consistently provide favourable terms with regard to the quality of materials/services provided, reliability and purchase terms and conditions.

As of the date of this Prospectus, none of our Directors or Substantial Shareholders or their associates has any interest, direct or indirect, in any of the above suppliers and sub-contractors.

MAJOR CUSTOMERS

The following are the major customers who accounted for 5% or more of our revenue for each of the last three financial years ended 31 December 2008 and the nine-month period ended 30 September 2009:

		As a percentage of total revenue (%)			
Major Customers	**Project**	**FY2006**	**FY2007**	**FY2008**	**FP2009**
Riveredge Development Pte Ltd/CapitaLand Group	Riveredge Condominium	8.5	6.4	2.6	—
Millennia Hotel/Pontiac Land Group	Capella	19.8	29.0	34.4	10.9
BFC Development Pte Ltd	Marina Bay Financial Centre	3.7	24.4	15.3	—
Singapore Press Holdings/ Times Development	Sky @ Eleven	—	6.8	13.6	14.3
TC Development (PTE) Ltd/ City Developments Limited Group	Parc Emily	13.4	10.5	2.3	—
Ministry of Home Affairs	Home Team Academy	14.6	—	0.5	—
Taraville Pte Ltd/SC Global Group	Hilltops	—	—	9.8	8.7
Guan Realty/City Developments Limited Group	Tribeca	4.5	2.7	4.2	8.1
City Developments Limited	Shelford Suites	—	—	—	5.4
Central Boulevard Development Pte Ltd	Marina Bay Financial Centre Tower 3	—	—	—	12.9

The percentages of revenue contribution amongst our customers vary from year to year as a result of the nature of our business being conducted on a project basis. We may not generate similar projects in terms of size and scope with the same customer every year. Further, as the number and size of projects vary each year as well, this can cause a fluctuation in a customer's contribution in terms of percentage in relation to the total revenue even if the absolute value of that customer's contribution remains more or less the same.

As at the date of this Prospectus, none of our Directors or Substantial Shareholders or their associates has any interest, direct or indirect, in any of the above customers.

COMPETITION

Construction

We operate in a highly competitive environment and we are subject to competition from existing competitors and new entrants in the future.

For our construction and civil engineering business in Singapore, we face competition mainly from domestic and foreign construction companies. We consider the following to be our main competitors:

(1) Hyundai Engineering & Construction Co. Ltd

(2) Obayashi Corporation

(3) Shimizu Corporation

(4) Woh Hup (Pte) Ltd

(5) Dragages Singapore Pte Ltd

(6) Penta-Ocean Construction Pte Ltd

(7) Alpine Bau GMBH (Singapore Branch)

For our property development business in the PRC, we face competition mainly from the local property developers in the PRC, such as:

(1) Tianjin Hanhua Development Co., Ltd (天津瀚华置业有限公司)

(2) Glorious Property Holdings Ltd. (恒盛地产控股有限公司)

(3) Beijing Tianxing Jiuzhou Investment Co., Ltd (北京天行九州投资有限公司)

(4) Yangzhou Core Pacific City Development Co., Ltd (扬州京华城中城生活置业有限公司)

(5) Hongkong Dehao (Yangzhou) Real Estate Development Co., Ltd (香港德豪(扬州)房地产开发有限公司)

(6) Suzhou Suwu Real Estate Development Co., Ltd (苏州苏吴房屋置业有限公司)

(7) Tianjin Xinyao Investment Co., Ltd (天津星耀投资有限公司)

(8) Tianjin Biguiyuan Investment & Development Co., Ltd (天津碧桂园投资发展有限公司)

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure our market share of the construction business in Singapore and our property development business in the PRC.

As at the date of this Prospectus, none of our Directors or Substantial Shareholders or their associates has any interest, direct or indirect, in any of the above competitors.

COMPETITIVE STRENGTHS

Our Directors believe that our key competitive strengths are as follows:

(i) We have an established track record of over 50 years

We have more than 50 years of experience as a building contractor and a civil engineering firm in the Singapore construction industry and believe that we have established our reputation as a reliable builder. Our established track record has enabled us to gain our customers' confidence in our services and this is evident from the long-standing relationships we share with some of our customers. The reliability of our services, our technical expertise and our ability to deliver quality projects on time at competitive costs have also earned us repeat business, recommendations and referrals from our customers.

Tiong Seng Contractors holds the highest BCA grading of A1 for general building and civil engineering which qualifies us to undertake public sector construction projects with unlimited contract value. As of 9 February 2010, there were a total of 1,573 contractors registered with the BCA for general building, of which only 48 were awarded the A1 grading. On that same date, for civil engineering, 36 out of 752 contractors registered with the BCA were awarded the A1 grading. Besides our A1 grading for general building, our subsidiaries, Tiong Seng Contractors and Robin Village, have also been registered as builders under General Builder Class 1 pursuant to the Building Control (Amendment) Act 2007 which enables us to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e. ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork). For further details on the Building Control (Amendment) Act and the licences in this regard that our Group has obtained, please refer to the section entitled "General Information on our Group — Government Regulations" of this Prospectus.

Over the years, we have also received numerous accreditations and awards from various government bodies and industry authorities in recognition of the different aspects of our building and civil engineering construction work. In addition, some of the buildings we have built have been awarded the BCA Green Mark. Given the National Environment Agency's and the BCA's initiatives to promote environmentally-friendly buildings (such as grants to developers to achieve the BCA Green Mark ratings), we believe that there will be a greater focus on such projects in the future. Our Group's focus on and expertise in more environmentally-friendly construction processes will put us in good stead to work with our customers who wish to develop environmentally-friendly and sustainable buildings. Please refer to the section entitled "General Information on our Group — Awards and Accreditations" of this Prospectus for more details.

(ii) We have an experienced and dedicated management team

We have an experienced and dedicated management team, led by our Executive Director and CEO, Mr Pek Lian Guan, and our Executive Director, Mr Pay Sim Tee, who have 20 years and more than 30 years of experience in the construction industry respectively. We also continue to benefit from the expertise and advice of our founder and Non-Executive Chairman, Mr Pek Ah Tuan, who has over 50 years of experience in the construction industry and is one of the early pioneers who ventured into property development in the PRC in the 1980s.

We place strong emphasis on professional development, and our management team regularly attends training and educational programs to update themselves on management techniques and the latest market developments relating to our business. Our management is supported by a team of key executives who are also experienced and competent in their respective functions. Please see the section entitled "Directors, Management and Staff" of this Prospectus for more details on the working experience of our Directors and Executive Officers.

(iii) Our strong focus on cost efficiencies, quality and reliability

Over the years, we have developed and grown our capabilities in the construction business with the objective of improving cost efficiencies and providing quality service to our customers. For instance, we have invested in a wide range of machinery and equipment over time, which helps us to keep our costs in check during periods of high rental costs for such machinery and equipment due to strong construction demand. In particular, we have invested in several advanced formwork systems which are more cost efficient and are faster to erect than traditional timber formwork. The advanced formwork systems are more cost efficient and are faster to erect than traditional timber formwork because they work on a modular panel system which requires a shorter time for fixing and striking, and the main beams and panels can be reused hence reducing the quantity required onsite.

Furthermore, the advanced formwork systems are made of galvanized steel which is lighter, thus making erection or striking easier and requiring less manpower.

Other advantages in using these systems include better finishing quality and higher productivity due to a systematic erection sequence with safety features and fewer components, thus reducing errors. The less complicated erection sequence also means that less skilled workers are required. Advanced formwork systems are also more environmentally-friendly compared to conventional methods with less cleaning required as the panels and main beams have self-draining edges. There is also more access space between each support, allowing ease of movement for proper housekeeping. Therefore, the construction site is cleaner and has a higher standard of environmental health. These systems are also quieter than conventional methods as physical knocking is reduced during use. In addition, these systems reduce potential safety hazards or injuries to our workers onsite as the materials used in the advanced formwork systems are lighter and are easier to dismantle as they allow panels to be removed individually.

Having our own fleet of machinery and equipment also reduces our reliance on external third parties and enables us to ensure the availability of resources to meet our work commitments. Our specialised in-house pre-casting capabilities also help to reduce reliance on human labour and bring about greater efficiency in our work. Accordingly, we can be more cost-competitive than our peers and are able to offer more reliable services to our customers.

(iv) We are capable of handling a wide spectrum of projects

Our Group is capable of handling a diversified range of projects from different sectors. Hence, we are less likely to be affected by adverse changing market conditions. Over the years, we have successfully completed a wide range of building construction and civil engineering projects and have undertaken projects for both the private and public sectors. We are not overly dependent on a single project category for our revenue and have handled projects of different categories, namely, residential, commercial, industrial, hotels, institutions, infrastructure and others. As opposed to pure construction projects, we are also capable of taking on design and build projects which provide diversification to our business.

(v) Our business segments are complementary and we are able to leverage on our experience across these business segments

As we possess extensive experience in both construction as well as the property development businesses, we are able to review our projects from both the perspective of a main contractor as well as that of a property developer. For instance, when we take on a project as a property developer, we are able to tap on our knowledge of the construction industry and better envisage potential problems that might be faced by the contractor. This gives us the advantage of pre-empting problems that might arise in the course of construction and we can take steps to avoid such problems or minimize their impact. As a result, we are able to achieve higher efficiency and have better cost management.

Conversely, with our experience gained in property development, we are able to position ourselves as a solution provider to our customers for our construction business, rather than just a service provider. This is a critical success factor as a design and build contractor. Our competitive edge is in our ability to offer our customers feasible alternatives from both a developer’s and a contractor’s perspective to reduce overall costs in their projects and refine specifications according to their needs. By doing so, we have established close and strong working relationships with our key customers, which will in turn help our Group to secure more future projects.

PROPERTIES AND OTHER FIXED ASSETS

As at the Latest Practicable Date, we own the following properties:

Location	Use	Tenure	Approximate Gross Area (m^2)	Encumbrance
Singapore				
510 Thomson Road #08-00 SLF Building, Singapore 298135	Headquarters Office	99 years (from 12 February 1979 to 12 February 2078)	900	Mortgaged in favour of DBS
Lot 3307L (Plot 2) Mukim 7, Tuas South Avenue 1, Singapore 637554	Pre-casting activities	60 years (from 24 October 2000 to 23 October 2060)	14,000	Mortgaged in favour of UOB
Golden Wall Centre #09-02 89 Short Street S(188216)	Office	Freehold	60	Mortgaged in favour of UOB
Parc Emily 5 Mount Emily Rd #08-03 S(228490)(1)	Investment holding purpose (leased to 3rd party)	Freehold	50	Not applicable
Residences @ Evelyn Block 17, Evelyn Road, #21-08, S(309306)(1)	Investment holding purpose (leased to 3rd party)	Freehold	100	Not applicable
PNG				
Section 21, Lot 13, West Goroka(2)	Office/workshop/ staff accommodation	99 years (from 25 February 1963 to 24 February 2062)	1,700	Not applicable
Section 164, Lot 13, Lae City, District: Morobe(2)	Warehouse (leased to 3rd party)	99 years (from 4 May 1972 to 3 May 2071)	3,600	Not applicable
Section 29, Lot 4, Lae City, District: Morobe(2)	Warehouse (leased to 3rd party)	99 years (from 17 December 1964 to 16 December 2063)	2,400	Mortgaged to Maybank, PNG
Section 29, Lot 5, Lae City, District: Morobe(2)	Warehouse (leased to 3rd party)	99 years (from 17 December 1964 to 16 December 2063)	2,400	Mortgaged to Maybank, PNG
Section 29, Lots 6,7,8 Lae City, District: Morobe(2)	Warehouse (leased to 3rd party)	99 years (from 17 December 1964 to 16 December 2063)	7,200	Mortgaged to Maybank, PNG

Location	Use	Tenure	Approximate Gross Area (m^2)	Encumbrance
Section 164, Lot 10, Lae City, District: Morobe(2)	Headquarters and workshop and staff dormitory	99 years (from 4 May 1972 to 3 May 2071)	7,700	Mortgaged to Maybank, PNG
Section 164, Lot 11, Lae City, District: Morobe(2)	Headquarters and workshop and staff dormitory	99 years (from 4 May 1972 to 3 May 2071)	7,700	Mortgaged to Maybank, PNG
Section 3, Lots 54, 55, Lae City, District: Morobe(2)	2-storey townhouse, 6 units rented out, 1 unit used for staff dormitory	99 years (from 1 July 1949 to 30 June 2048)	2,500	Mortgaged to Maybank, PNG
PRC				
5th floor, Office Tower, Huisheng Garden, No. 78, North Dongwu Road, Wuzhong District, Suzhou (苏州市吴中区东吴北路78号-500)	Office	Expires on 7 November 2065	Land area − 90 Construction area − 400	Not applicable
Unit 1104, Block 1 of Huisheng Garden, No. 78, North Dongwu Road, Wuzhong District, Suzhou (苏州市吴中区东吴北路78号1幢1104室)	Staff Dormitory	Expires on 7 November 2065	Land area − 10 Construction area − 170	Not applicable
Unit 1503, Block 1 of Huisheng Garden, No. 78, North Dongwu Road, Wuzhong District, Suzhou (苏州市吴中区东吴北路78号1幢1503室)	Staff Dormitory	Expires on 7 November 2065	Land area − 10 Construction area − 170	Not applicable
Wenchang Broadway, Wenhe South Road, Yangzhou City (扬州市汶河南路文昌百汇)	Property Development Project	Expires on 14 October 2041 for a site area of approximately 3,800m^2 Expires on 26 March 2044 for a site area of approximately 14,200m^2	15,000 (the unsold area of the Wenchang Broadway project)	Not applicable
Tianmen Jinwan Building, junction of Jianguo Road and Beian Road, Hebei District, Tianjin (天津市和平区建国道于北安道交口)	Property Development Project	1. Commercial Development − till 25 March 2047 2. Residential Development − till 25 March 2077	Total Site Area − 7,000	Not applicable

Location	Use	Tenure	Approximate Gross Area (m^2)	Encumbrance
Zizhulin Xintiandi, Tianjin[3] (天津市和平区赤峰道自忠路交口)	Property Development Project	50 years	Total site area − 8,000	Not applicable
Sunny International Project — East of Fuyang Avenue, Yunhe District, Cangzhou Part A (运河区浮阳大道东侧)	Property Development Project	1. Commercial Development − till 15 August 2046 2. Residential Development − till 15 August 2076	Total site area − 43,100 (The site area designated for commercial use is expected to be less than 25% of the total site area.)	The piece of land used for this project has been mortgaged in favour of Cangzhou Commercial Bank, East Xinhua Road Sub-Branch, PRC (沧州市商业银行新华东路支行) and Cangzhou Commercial Bank, Fuxi Sub-Branch, PRC (沧州市商业银行府西支行)
Sunny International Project — North of Guangrong Road, Cangzhou Part B[4] (光荣路北侧)	Property Development Project	1. Commercial Development − 40 years 2. Residential Development − 70 years	Total site area − 7,600 (The site area designated for commercial use is expected to be less than 25% of the total site area.)	Not applicable
Commercial Unit No. 11, 18 and 22, No. 806 Jianlin Road, High New Technical Industrial Zone, Suzhou, Jiangsu Province (江苏省苏州市高新技术产业开发区建林路806号11, 18, 22 室)	Investment holding purpose	Expires on 29 June 2045	550	Not applicable

Notes:

(1) Parc Emily and Residences @ Evelyn are properties which are being held on trust by our Executive Director and CEO, Mr Pek Lian Guan, and our Executive Officer, Mr Pay Teow Heng, respectively, as bare trustees for our Group.

(2) As non-citizens of PNG are prohibited under the constitution of PNG from owning property in freehold, most properties held by non-citizens of PNG are held by way of a long term (usually 99 years) lease directly from the State. State leases are treated as if they are freehold given the lengthy term of the lease and they are readily accepted as security by banks and can be mortgaged as such.

(3) The resettlement of the existing occupants of the land is currently ongoing. We will apply to the relevant authorities for the land use rights for this piece of land after the resettlement has been completed.

(4) We have obtained the land use rights for one of the two pieces of land that we are intending to use for this project. The resettlement of the existing occupants of the other piece of land is currently ongoing. We will apply to the relevant authorities for the land use rights for that piece of land after the resettlement has been completed.

Details of the properties leased by our Group as at the Latest Practicable Date are as follows:

Location	Approximate Gross Area (m^2)	Usage	Term of Lease	Lessor	Annual Rental
Singapore					
No. 21 Fan Yoong Road, Singapore 629796	5,700	Warehouse and workshop	10 years (from 16 November 2007 to 15 November 2017)	JTC Corporation	S$92,100
69 Joo Koon Circle, Singapore 629084	200	Warehouse and workshop for fabrication of steel and metal structures	1 year (from 1 April 2009 to 31 March 2010)(1)	Prochem Pipeline Products (S) Pte Ltd	S$44,400
6A Joo Koon Circle, Singapore 629038	5,134	Office	1 year (from 13 November 2009 to 12 November 2010)	Inti Ceramic Pte Ltd	S$84,900
Pte Lot A 0850400 at L0850400 Tuas Basin Close, Singapore	5,100	Storage of construction materials, machinery and equipment	3 years (from 1 October 2008 to 30 September 2011)	JTC Corporation	S$180,100
5 Toh Guan Road East #02-02 Singapore 608831	1,900	Office	1 year (from 1 May 2009 to 30 April 2010)	Freight Link Express Districtpark Pte Ltd	S$33,300
PRC					
Room 711, No. 8 Building, Yihe Plaza, Jiefang Road, Cangzhou City (沧州市解放路颐和广场8号楼 711室)	400	Office	3 years (from 20 May 2008 to 19 May 2011)	Wang Binghua 王炳华	RMB90,000
Room 102, III Building 8, Phase II, Yihe Garden, West Outer Ring, Yunhu District (运河区西外环颐和庄园二期8#楼-3-102)	200	Dormitory	From 18 March 2008 to 17 April 2011	Gong Jinping (宫金平)	RMB11,000
Room 1#101, No. 11, Yihe Garden, Cangzhou City (沧州颐和家园11#101)	100	Dormitory	From 10 June 2009 to 10 June 2010)	Yao Chunxiang (姚春祥)	RMB13,200

Location	Approximate Gross Area (m²)	Usage	Term of Lease	Lessor	Annual Rental
Room 202, III Building 9, Yihe Garden, Jiefang Xi Road, Yunhu District (运河区解放西路颐和家园9#楼2-202)	100	Dormitory	1 year (from 16 June 2009 to 15 June 2010)	Zhu Ran (朱冉)	RMB11,000
Room 302, No. 1, Rebuilt Building Management Department, Central Garden (中心家园经理部回迁楼1单元 302室)	100	Dormitory	1 year (from 1 June 2009 to 31 May 2010)	Zhao Lirong (赵丽荣)	RMB12,000
Room 2–2401, Block 17, Ao Cheng, West Binshui Road, Tianjin City (天津市滨水西道奥城17-2-2401室)	200	Dormitory	1 year (from 1 June 2009 to 31 May 2010)	Li Xiaoyan (李晓艳)	RMB84,000
Flat C, 9/F, Jiangong Mansion, Number 326 Hanjiang Road, Yangzhou City (扬州市邗江大道326号建工大厦9层C座)	400	Office	3 years (from 1 January 2010 to 31 December 2012)	Yangzhou Hanjiang Construction Installation General Company (扬州市邗江区建筑安装工程总公司)	RMB96,000
Room 405, Building 45, Meixiang Garden, Xincheng Garden, Yangzhou City, Jiangsu Province (江苏省扬州市新城花园梅香苑45幢405室)	100	Dormitory	1 year (from 17 August 2009 to 16 August 2010)	Cao Yingqin (曹应琴)	RMB12,000
Villa, Building Five, Baodai Xincun, Yangzhou City, Jiangsu Province (宝带新村 5幢别墅)	300	Dormitory	1 year (from 5 July 2009 to 4 July 2010)	Zhang Yi (张仪)	RMB40,000
Room 303, Building 179, Nanbaodai, Yangzhou City, Jiangsu Province (江苏省扬州市南宝带179幢 303室)	100	Dormitory	1 year (from 16 March 2010 to 15 March 2011)[(2)]	Wei Enlong (魏恩龙)	RMB9,600

Location	Approximate Gross Area (m^2)	Usage	Term of Lease	Lessor	Annual Rental
Unit 413, Haihe Jinwan Mansion, Hebei District, Tianjin City (中国天津市河北区海河金湾公寓413号商铺)	200	Office	4 years (from 15 September 2009 to 14 September 2013)	Zhang Huirong (张惠荣)	RMB11,000 per month (from 15 September 2009 to 14 September 2011) RMB14,000 per month (from 15 September 2011 to 14 September 2013)
Lao PDR					
Ban Hat Kanxa, Hatxayfong District at the Mekong River	20,000	Gravel quarry and site of rock crushing facility and concrete batching plant	10 years (from 16 May 2000 to 17 March 2010)(3)	B/L Company	USD1,500
KM 7 Thadeua Road, Vientiane Capital	200	Main office	3 months (from 24 December 2009 to 23 March 2010)(4)	Mrs Vilayvong Baunleu	Baht 10,000 per month
KM 10 Thadeua Road, Ban Somanouk, Hatxayfong District	12,000	Site of ready-mix concrete manufacturing facility and concrete batching plant	15 years (from 6 June 2001 to 5 June 2016)	Mrs. Somkhoun	Initial 10 years: USD3,000 Next 5 years: to be negotiated but any increase in rental would be capped at 10%

Notes:

(1) This lease has been renewed and will expire on 31 March 2011.

(2) This lease has been renewed and will expire on 15 March 2011.

(3) The current lease has expired on 17 March 2010 and was not renewed.

(4) This lease has been renewed and will expire on 23 June 2010.

FINANCIAL REVIEW

The following selected combined financial information should be read in conjunction with the full text of this Prospectus, including the "Independent Auditors' Report and the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009 and the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009" and the "Independent Review Report and the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009 and the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009" as set out in Annexes F and G of this Prospectus respectively.

Combined Operating Results of Our Group

	Years ended 31 December			Six-month period ended 30 June		Nine-month period ended 30 September	Three- month period ended 30 September	
	2006	2007	2008	2008	2009	2009	2008	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
	Audited			(Unaudited)	(Audited)	(Unaudited)		
Revenue								
Revenue from construction contracts	98,744	205,794	261,561	134,231	140,749	217,941	57,253	77,192
Revenue from sales of development properties	32,550	13,098	8,431	7,352	76,254	82,941	117	6,687
Rental income	1,538	1,836	2,322	1,514	617	791	369	174
	132,832	220,728	272,314	143,097	217,620	301,673	57,739	84,053
Other income	1,497	16,140	2,476	1,233	5,738	6,214	976	476
Cost of construction	(84,958)	(188,739)	(244,846)	(126,297)	(128,303)	(192,576)	(52,815)	(64,273)
Cost of sales of development properties	(14,567)	(9,511)	(4,554)	(3,702)	(57,272)	(62,685)	(61)	(5,413)
Depreciation and amortisation	(1,126)	(2,403)	(1,828)	(829)	(808)	(1,241)	(393)	(433)
Selling expenses	(1,789)	(1,755)	(456)	(82)	(469)	(823)	(261)	(354)
Staff costs	(6,069)	(7,685)	(8,246)	(3,952)	(4,191)	(6,421)	(1,901)	(2,230)
Other expenses	(3,874)	(4,198)	(12,113)	(5,879)	(3,248)	(7,808)	(2,995)	(4,560)
	(112,383)	(214,291)	(272,043)	(140,741)	(194,291)	(271,554)	(58,426)	(77,263)
Profit from operating activities	21,946	22,577	2,747	3,589	29,067	36,333	289	7,266
Finance income	570	13,275	4,564	3,805	2,550	2,996	415	446
Finance expenses	(1,865)	(16,184)	(3,593)	(1,289)	(2,305)	(3,622)	(1,066)	(1,317)
Net finance (expenses)/ income	(1,295)	(2,909)	971	2,516	245	(626)	(651)	(871)

	Years ended 31 December			Six-month period ended 30 June		Nine-month period ended 30 September	Three- month period ended 30 September	
	2006	2007	2008	2008	2009	2009	2008	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
	Audited			(Unaudited)	(Audited)	(Unaudited)		
Share of loss of associates, net of tax	(16)	(6)	(1)	(1)	—	—	—	—
Share of profit of joint ventures, net of tax	610	1,535	6,981	801	7,344	12,708	97	5,364
Profit before income tax	21,245	21,197	10,698	6,905	36,656	48,415	(265)	11,759
Income tax (expense)/credit	(8,086)	(7,932)	(2,916)	(3,038)	(8,453)	(9,861)	60	(1,408)
Profit/(loss) for the year/period	13,159	13,265	7,782	3,867	28,203	38,554	(205)	10,351
Other comprehensive (expense)/income								
Translation differences relating to financial statements of foreign subsidiaries	(1,219)	(26)	3,624	534	171	(1,482)	2,778	(1,653)
Exchange differences on monetary items forming part of net investment in a foreign operation	(131)	230	(38)	62	8	(5)	(93)	(13)
Net change in the fair value of available-for-sale investments	155	(15)	(137)	(89)	27	46	1	19
Income tax on other comprehensive income	(5)	(39)	32	5	(6)	(8)	15	(2)
Other comprehensive (expense)/income for the year/period, net of tax	(1,200)	150	3,481	512	200	(1,449)	2,701	(1,649)
Total comprehensive income for the year/period	11,959	13,415	11,263	4,379	28,403	37,105	2,496	8,702
Profit/(Loss) attributable to:								
Equity holders of the Company	9,701	10,282	9,272	4,464	19,412	29,228	523	9,816
Minority interest	3,458	2,983	(1,490)	(597)	8,791	9,326	(728)	535
Profit/(loss) for the year/period	13,159	13,265	7,782	3,867	28,203	38,554	(205)	10,351

	Years ended 31 December			Six-month period ended 30 June		Nine-month period ended 30 September	Three- month period ended 30 September	
	2006	2007	2008	2008	2009	2009	2008	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
	Audited			(Unaudited)	(Audited)	(Unaudited)		
Total comprehensive income/(expense) attributable to:								
Equity holders of the Company	8,831	10,524	10,551	4,901	18,962	28,332	1,158	9,370
Minority interest	3,128	2,891	712	(522)	9,441	8,773	1,338	(668)
Total comprehensive income for the year/period	11,959	13,415	11,263	4,379	28,403	37,105	2,496	8,702
EPS								
Basic and diluted (cents)[(2)]	1.72	1.82	1.64	0.79	3.44	5.17	0.09	1.74
Adjusted basic and diluted (cents)[(3)]	1.29	1.36	1.23	0.59	2.57	3.88	0.07	1.30

Notes:

(1) The operating results of our Group for the years/periods under review have been prepared on the basis that our Group has been in existence throughout the periods under review since 1 January 2006.

(2) For comparative purposes, EPS have been computed based on the profit attributable to equity holders for the year/period and our pre-Invitation share capital of 564,995,750 Shares.

(3) For comparative purposes, adjusted EPS have been computed based on the profit attributable to equity holders for the year/period and our post-Invitation share capital of 753,995,750 Shares.

Financial Position of Our Group

	As at 31 December 2008 S$'000	As at 30 June 2009 S$'000	As at 30 September 2009 S$'000 (Unaudited)
Non-current assets			
Property, plant and equipment	38,591	31,249	26,589
Investment properties	24,623	23,775	23,075
Associates and joint ventures	10,203	17,281	22,660
Trade and other receivables	15,331	8,978	11,375
Amounts due from related parties (trade)	334	563	563
Other investments	3,192	3,437	1,441
Deferred tax assets	937	995	1,597
	93,211	86,278	87,300
Current assets			
Construction work-in-progress	11,584	5,659	4,534
Development properties	121,890	86,406	83,815
Trade and other receivables	105,889	109,228	100,192
Amounts due from related parties	22,022	27,227	26,402
Cash and cash equivalents	10,932	21,850	37,025
Assets classified as held for sale	439	1,036	—
	272,756	251,406	251,968
Total assets	365,967	337,684	339,268
Equity attributable to equity holders of the Company			
Share capital	20,000	20,000	20,000
Reserves	(641)	(1,091)	(1,537)
Accumulated profits	43,729	63,141	72,957
	63,088	82,050	91,420
Minority interest	30,663	40,104	39,436
Total equity	93,751	122,154	130,856

SELECTED COMBINED FINANCIAL INFORMATION

	As at 31 December 2008 S$'000	As at 30 June 2009 S$'000	As at 30 September 2009 S$'000 (Unaudited)
Non-current liabilities			
Trade and other payables	7,026	9,334	10,288
Amounts due to related parties	10,170	10,207	3,572
Loans and borrowings	3,439	9,795	24,133
Deferred tax liabilities	1,062	4,776	6,153
	21,697	34,112	44,146
Current liabilities			
Progress billings in excess of construction work-in-progress	2,695	7,330	4,669
Trade and other payables	143,744	95,808	104,461
Amounts due to related parties	21,926	21,058	15,127
Loans and borrowings	71,694	45,373	29,570
Current tax payable	10,460	11,849	10,439
	250,519	181,418	164,266
Total liabilities	272,216	215,530	208,412
Total equity and liabilities	365,967	337,684	339,268
NTA per share (cents)[(2)]	11.2	14.5	16.2

Notes:

(1) The financial positions of our Group as at 31 December 2008, 30 June 2009 and 30 September 2009 have been prepared on the basis that our Group has been in existence since 1 January 2006.

(2) For comparative purposes, NTA per Share as at 31 December 2008, 30 June 2009 and 30 September 2009 have been computed based on our pre-Invitation share capital of 564,995,750 Shares.

The following discussion of our business, results of operations and financial position should be read in conjunction with the full text of this Prospectus, including the section on "Selected Combined Financial Information" and "Independent Auditors' Report and Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009 and the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009" and "Independent Review Report and the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009 and the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009" as set out in Annexes F and G of this Prospectus respectively. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause our actual future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors" of this Prospectus.

The figures in this section are approximate figures and have been rounded to the nearest one decimal place for ease of reference.

OVERVIEW

Our Group's principal activities are as follows:

(a) provision of building construction and civil engineering services principally in Singapore; and

(b) property development in the PRC.

In respect of our construction business, we act as the main contractor in construction projects for customers in both the private and public sectors in Singapore. We also undertake infrastructure development projects in overseas markets such as PNG and Lao PDR. We have successfully completed a wide range of projects including residential apartments, commercial properties, warehouses, institutional buildings and high-end hotels. We have also undertaken civil engineering jobs which cover deep tunnelling, sewerage rehabilitation, bridge building, infrastructure and foundation piling.

In respect of our property development business, our focus is currently on the development of residential and commercial properties in the PRC. We started our first property development project in Suzhou in the early 2000s and since then have developed various residential and commercial buildings in Suzhou, Yangzhou and Tianjin.

Please refer to the section entitled "General Information on our Group — Our Business" of this Prospectus for further details.

Revenue

Based on our principal business activities, our key revenue streams are as follows:

(a) Revenue from construction

Revenue from construction refers to revenue derived from our construction and civil engineering business in Singapore and certain overseas markets.

This segment contributed to approximately 74.3%, 93.2%, 96.1%, 64.7% and 72.2% of our revenue for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

We recognise our contract revenue based on the percentage-of-completion method. The stage of completion is determined by reference to the value of work done, as certified by external professional consultants (such as quantity surveyors and architects of the project), as a percentage of the total contract revenue. Contract revenue includes the initial amount agreed in the contract plus any variations in contract works, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

(b) Revenue from property development

This refers to revenue derived from the sale of our development properties in the PRC.

The revenue contribution from the sale of development properties for FY2006, FY2007, FY2008, 1H2009 and FP2009 were approximately 24.5%, 5.9%, 3.1%, 35.0% and 27.5% of our revenue, respectively. Revenue from the sale of development properties is recognised only when the risks and rewards of ownership have been transferred to the buyers either upon the issuance of the completion certificate or handing over of keys to the purchasers, whichever is later. Consequently, payments received from purchasers arising from pre-sales of the property units prior to the completion or physical handover to the purchasers are recorded as receipts in advance under current liabilities.

Typically, a purchaser makes an initial payment of at least 30% and 50% of the aggregate purchase price of the property unit for residential and commercial properties respectively at the time of the execution of the sale and purchase agreement. The balance of the purchase price is satisfied either by a lump sum payment of the entire balance, mortgage facilities arranged with banks or financial institutions, or instalment payments.

For FY2006, FY2007, FY2008 and FP2009, our revenue from property development was derived from the sale of residential and commercial units in Wenchang Broadway in Yangzhou, Shenyang Commercial Building in Suzhou and Tianmen Jinwan Building in Tianjin. Save for three units held as investment properties by Suzhou Huisheng, all units in Suzhou Shengyang Commercial Building have been sold and all revenue relating to this project have been recognised over FY2007 and FY2008. For Wenchang Broadway, approximately 45% of the total saleable area has been sold and recognised as revenue over FY2006 to FP2009. Tianmen Jinwan Building was completed in March 2009 and the revenue relating to the sale of the units in this project were recognised in FP2009. As at 30 September 2009, approximately 85.0% and 8.0% of the residential and commercial components respectively, in Tianmen Jinwan Building have been sold and recognised as revenue in accordance with our Group's recognition policy. The sales of commercial units at Wenchang Broadway and Tianmen Jinwan Building were mainly affected by the introduction of measures by the PRC commercial banks since September 2007 to increase the upfront cash required from buyers of commercial properties from 40% to 50% of the purchase price and less favourable business sentiments in the PRC property market.

(c) Rental income

Rental income mainly refers to income derived from the rental of our investment properties in Singapore, the PRC and PNG and the rental of plant and machinery in PNG and Lao PDR. Rental income accounted for approximately 1.2%, 0.8%, 0.9%, 0.3% and 0.3% of our revenue for FY2006, FY2007, FY2008, 1H2009 and FP2009, respectively.

Our revenue may be affected by, *inter alia*, the following factors:

(a) changes in the economic conditions of Singapore and the PRC which may directly or indirectly affect the construction industry in Singapore and the property market in the PRC;

(b) changes in government legislation, regulations or policies, budget and expenditure which may directly or indirectly affect the construction industry in Singapore and the property market in the PRC;

(c) our ability to compete successfully with other main contractors in Singapore and overseas markets to secure new construction projects and the size of such contracts secured;

(d) percentage of completion for construction projects on hand;

(e) our ability to acquire suitable land sites in a timely manner and at attractive prices for our property development business;

(f) the volume and prices of the development properties that we sell; and

(g) our ability to complete our development projects as scheduled.

Other income

Other income comprises mainly gains on disposals of investment properties, property, plant and equipment, other investments and subsidiaries, and business tax incentives as well as other miscellaneous income. Other operating income amounted to approximately S$1.5 million, S$16.1 million, S$2.5 million, S$5.7 million and S$6.2 million for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Cost of construction

Cost of construction refers to direct costs incurred in the process of carrying out our construction business and comprises mainly sub-contracting costs, raw material costs, labour costs as well as overheads. Cost of construction is recognised based on the percentage-of-completion method. Cost of construction accounted for approximately 75.6%, 88.1%, 90.0%, 66.0% and 70.9% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Sub-contracting costs form the bulk of our cost of construction and accounted for approximately 35.4%, 51.6%, 48.6%, 39.0% and 38.9% of our cost of construction for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively. We outsourced most of the architectural and engineering work in construction projects such as plastering, brick-laying and specialised engineering work to sub-contractors and specialists. The majority of the sub-contracting works usually takes place in the later stages of construction projects. Sub-contracting costs in FY2007 and FY2008 accounted for a higher percentage of our construction costs compared to FY2006 as most of our projects on hand in FY2007 and FY2008 were in the later stages of completion while most of our projects on hand in FY2006 had just commenced construction. In FP2009, we had a mix of projects that were in their later stages of completion and projects that were still in their early stages of construction. As a result, our sub-contracting costs in 1H2009 and FP2009 accounted for a lower percentage of our construction costs as compared to FY2008.

Our raw material costs accounted for approximately 28.6%, 29.2%, 29.2%, 31.6% and 33.5% of our cost of construction in FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively. Our key raw materials include concrete, sand, aggregates, cement, tiles, steel and aluminium. The cost of raw materials may be affected by the supply and demand in Singapore and the region as well as the delivery and payment terms of the purchase.

Our raw material costs for each project are dependent on the size, design and material specifications of the project and the price levels of the raw materials. In general, raw material costs have been increasing over the last three financial years due to increase in prices of three major raw materials namely, steel, sand and concrete. In FY2006, FY2007 and FY2008, prices of steel-related building materials and concrete increased significantly as a result of supply shortages in the region caused by the rapid economic developments in the PRC, India and the Middle East. The price of sand has also increased due to the ban on the export of sand by the Indonesian government in February 2007 which disrupted sand supply. In FY2006, we implemented several measures to manage cost escalations and to ensure adequacy of supply. Such measures include obtaining better pricing by entering into agreements with sub-contractors and suppliers to secure supply and lock-in prices of major raw materials for the duration of the projects, where possible. Generally, more raw materials are used in the early stages of construction and piling work projects. In FP2009, we had more newly commenced projects in their early stages of construction and a new piling project. Thus, raw material costs accounted for a higher percentage of total construction costs in FP2009 compared to the last three financial years, in spite of a moderation in raw material prices in 2009.

Our construction labour force comprises mainly foreign workers at our construction sites and workshops who perform maintenance of our plant and machinery. Our labour costs accounted for approximately 8.1%, 3.9%, 2.9%, 4.7% and 4.6% of our cost of construction for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Overheads comprise mainly utilities and other expenses, plant and machinery rental and related costs, deployment costs and environmental control costs for our construction sites, as well as finance costs on project-related performance bonds or bankers' guarantees. Our overheads accounted for approximately 13.7%, 9.7%, 20.6%, 22.7% and 23.0% of our cost of construction for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively. In FY2008, we had increased our capital investment in advanced formwork systems to support the Sentosa Integrated Resorts project. The capital expenditure relating to this investment is depreciated over 20 months, resulting in a higher proportion of overheads in FY2008 and FP2009. Included in the cost of construction of FY2008 and 1H2009 was a provision for foreseeable loss for one of our projects due to prolongation costs. This accounted for approximately 1.0% and 2.0% of our cost of construction for FY2008 and 1H2009 respectively.

The key factors that may affect our cost of construction are as follows:

(a) the level of work content sub-contracted;

(b) fluctuations in the prices of our raw materials;

(c) size, design and material specifications of the projects;

(d) cost overruns and savings; and

(e) variation works requested by our customers.

Cost of sales of development properties

Cost of sales of development properties comprises mainly acquisition costs for land use rights, development costs and capitalised interest costs. These costs are collectively transferred from completed properties held for sale into profit or loss. The recognition of these costs in profit or loss is on a basis consistent with the recognition of revenue.

Cost of sales of development properties accounted for approximately 13.0%, 4.4%, 1.7%, 29.5% and 23.1% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

The key factors that may affect our cost of sales of development properties are as follows:

(a) the location and level of competition for a development site;

(b) costs of construction which are affected by factors such as fluctuations in the prices of raw materials, contractors' costs and design fees etc; and

(c) size, design and material specifications of the projects.

Depreciation and amortisation

Depreciation is charged on property, plant and equipment. Amortisation is charged on intangible assets being computer software and license fee.

Depreciation and amortisation accounted for approximately 1.0%, 1.1%, 0.7%, 0.4% and 0.5% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Selling expenses

Selling expenses relate to advertising expenses, sales commission and cost of showrooms incurred for the purpose of marketing our development properties. Selling expenses accounted for approximately 1.6%, 0.8%, 0.2%, 0.2% and 0.3% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Staff costs

Staff costs comprise salaries and bonuses of staff, statutory contributions, directors' remuneration and other personnel related costs.

Staff costs accounted for approximately 5.4%, 3.6%, 3.0%, 2.2% and 2.4% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

The higher percentage of staff costs incurred in FY2006, as a percentage of our total costs and expenses, was due to an increase in the number of staff employed to support the two new construction projects, namely, The Arc at Draycott and Riveredge Condominium, which we secured in November 2005 and four new construction projects, Capella Phase 1, Tribeca, Marina Bay Financial Centre (Foundation Engineering) − Commercial and Residential components, in 2006. These six projects brought in a total of approximately S$380 million worth of contract works. In FY2006, there was also a salary review which resulted in an upward adjustment of the salaries of the management, staff and workers as the construction sector began to pick up in Singapore, and tighter labour market conditions. Though staff cost as a percentage of our total costs and expenses has declined in FY2007, FY2008, 1H2009 and FP2009, overall staff costs have increased due to the payment of competitive salaries to attract and retain skilled and semi-skilled employees, amid intense competition for skilled labour in our industry. The percentage of staff costs to total costs and expenses will also fluctuate depending on the number and stages of completion in the construction and property development projects in each financial year/period.

Other expenses

Other expenses include mainly operating lease expenses, write-off of bad debts and inventories, impairment losses of quoted and unquoted equity instruments, reversal of impairment losses of property, plant and equipment and unquoted equity instruments, direct operating expenses arising from rental of investment properties, plant and machinery, repair and maintenance expenses, travelling and transport expenses, legal fees, initial public offering expenses and other general administrative expenses.

Other expenses accounted for approximately 3.4%, 2.0%, 4.5%, 1.7% and 2.9% of our total costs and expenses for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively.

Finance income

Finance income comprises interest income on cash and cash equivalents, loans to a business associate, an investee and a minority shareholder, dividend income derived from available-for-sale financial assets and debt securities as well as accretion of discount implicit in retention sum receivables and implicit interest in retention sum payables. Implicit interest in retention sum payables represents the difference in the book value and the present value of long term retention sum payables and is charged to finance income. As the due date for the settlement of long term retention sum payables gets nearer, this difference will be unwound to finance expense and will be reflected as accretion of discount implicit in retention sum payables.

Finance expenses

Finance expenses comprise mainly interest expense on loans and borrowings and overdraft facilities from banks and financial institutions, finance leases interest, interest expense on loans from a corporate shareholder and business associates, net foreign currency gains or losses, accretion of implicit interest in retention sum payables and discount implicit in retention sum receivables and dividends paid on debt securities. Discount implicit in retention sum receivables represents the difference in the net book values and the present values of long term retention sum receivables and is charged to finance expense. As the date for the receipt of the long term retention sum receivables gets nearer, this difference will be subsequently unwound to finance income and will be reflected as an accretion of discount implicit in retention sum receivables.

Share of loss of associates, net of tax

Share of loss of associates comprises the share of loss, net of tax, from Shanghai Yatong, VT Builder, Fierce (Suzhou), and Funing. As part of our efforts to streamline our operations and to focus on our core business activities of construction and property development, certain non-core businesses were disposed. Shanghai Yatong and Funing, which were involved in the waste water treatment business, were thus disposed in FY2007. The contribution of share of loss of associates, net of tax, to our total profit before income tax for FY2006, FY2007, FY2008, 1H2009 and FP2009 were insignificant.

Share of profit of joint ventures, net of tax

We have entered into a few joint ventures with various strategic partners for our construction business which mainly include Kajima Overseas Asia Pte Ltd ("Kajima") and Samsung Corporation. Share of profit of joint ventures (net of tax) accounted for approximately 2.9%, 7.2%, 65.3%, 20.0% and 26.2% of our profit before income tax for FY2006, FY2007, FY2008, 1H2009 and FP2009 respectively. The increase in share of profit of joint ventures (net of tax) in FY2008, 1H2009 and FP2009 was mainly derived from joint ventures with Kajima.

Income tax expense

Our Singapore operations were subject to a corporate tax rate of 20% for FY2006, 18% for FY2007 and FY2008, and 17% for FP2009. Our PRC operations were subject to a corporate tax rate of 33% from FY2006 to FY2007 and 25% with effect from FY2008. Our weighted average applicable tax rates, excluding effects of the PRC Land Appreciation Tax ("LAT") expense and under/(over) provision in prior years, based on the profit from operating activities before share of profit/(loss) of associates and joint ventures, net of tax for FY2006, FY2007, FY2008, 1H2009 and FP2009 were 31.2%, 36.0%, 35.7%, 19.6% and 19.9% respectively.

Included in the tax expense is the PRC LAT expense. With effect from 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. For FY2006, FY2007, FY2008 and FP2009, our sales of development properties were subject to LAT.

The change in the average applicable tax rate arose from changes in the weightage of income subject to tax in different countries.

REVIEW OF PAST PERFORMANCE

A breakdown of our revenue and gross profit by segments for the years/periods under review is summarized as follows:

	FY2006		FY2007		FY2008		1H2008		1H2009		FP2009		3Q2008		3Q2009	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Revenue																
Construction	98,744	74.3	205,794	93.3	261,561	96.1	134,231	93.8	140,749	64.7	217,941	72.2	57,253	99.2	77,192	91.8
Property Development	32,550	24.5	13,098	5.9	8,431	3.1	7,352	5.1	76,254	35.0	82,941	27.5	117	0.2	6,687	8.0
Rental Income	1,538	1.2	1,836	0.8	2,322	0.8	1,514	1.1	617	0.3	791	0.3	369	0.6	174	0.2
	132,832	100.0	220,728	100.0	272,314	100.0	143,097	100.0	217,620	100.0	301,673	100.0	57,739	100.0	84,053	100.0

	FY2006		FY2007		FY2008		1H2008		1H2009		FP2009		3Q2008		3Q2009	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Gross Profit																
Construction	13,786	43.4	17,055	82.6	16,715	81.2	7,934	68.5	12,446	39.6	25,365	55.6	4,438	98.8	12,919	91.0
Property Development	17,983	56.6	3,587	17.4	3,877	18.8	3,650	31.5	18,982	60.4	20,256	44.4	56	1.2	1,274	9.0
	31,769	100.0	20,642	100.0	20,592	100.0	11,584	100.0	31,428	100.0	45,621	100.0	4,494	100.0	14,193	100.0

	FY2006	FY2007	FY2008	1H2008	1H2009	FP2009	3Q2008	3Q2009
Gross Profit Margin								
Construction	14.0%	8.3%	6.4%	5.9%	8.8%	11.6%	7.8%	16.7%
Property Development	55.2%	27.4%	46.0%	49.6%	24.9%	24.4%	47.9%	19.1%

Inflation

Over the periods under review, inflation did not have a material impact on our performance.

FY2006 vs FY2007

Revenue

Our revenue increased by approximately S$87.9 million or 66.2% from S$132.8 million in FY2006 to S$220.7 million in FY2007, mainly due to the increase in construction revenue by approximately S$107.1 million or 108.4% in FY2007.

The revenue from our construction business increased significantly from S$98.7 million in FY2006 to S$205.8 million in FY2007. The increase was mainly due to higher revenue contributions from projects that commenced in FY2006 which were in their later stages of construction in FY2007 and two new projects secured in FY2007. Our major on-going projects which contributed to the increase in revenue in FY2007 include (i) Capella Phase 1 and (ii) Marina Bay Financial Centre (Foundation Engineering) − Commercial and Residential components which in aggregate contributed an increase of S$93.9 million in revenue. Other on-going projects in aggregate contributed an increase of S$13.1 million in revenue. Our two new projects, namely, Capella Phase 2 and Sky @ Eleven, contributed an aggregate of S$21.2 million in FY2007.

The increase in revenue from the abovementioned projects was partially offset by a decrease in revenue from the Home Team Academy project which was completed in FY2006. The revenue contribution from this project in FY2006 was S$19.3 million.

The increase in construction revenue was partially offset by a decrease in revenue from the property development business. Revenue from our property development business decreased by approximately S$19.5 million, or 59.8%, from S$32.6 million in FY2006 to S$13.1 million in FY2007. Revenue contribution from the sale of units in Wenchang Broadway in Yangzhou in FY2007 was lower as compared to FY2006. We recognised the revenue relating to the sale of approximately 252 m^2 of Wenchang Broadway at an average price of RMB13,069 (approximately S$2,592.80) per m^2 in FY2007, compared to the recognition of the revenue relating to the sale of 10,439 m^2 at an average price of RMB15,774 (approximately S$3,147.70) per m^2 in FY2006. In FY2007, we recognised the revenue relating to the sale of approximately 9,185 m^2, out of a total saleable area of approximately 10,000 m^2, of Suzhou Shengyang Commercial Building, at an average price of RMB6,830 (approximately S$1,355.00) per m^2, which helped offset the decline in revenue arising from the sale of units in Wenchang Broadway. There was no revenue recognised for pre-sale of units at Suzhou Shengyang Commercial Building in FY2006 as the project was still under construction.

Rental income

Rental income increased by approximately S$0.3 million from S$1.5 million in FY2006 to S$1.8 million in FY2007. The increase was mainly due to higher income generated from leasing of plant and machinery by our Lao PDR subsidiary.

Other income

Other income increased by approximately S$14.6 million from S$1.5 million in FY2006 to S$16.1 million in FY2007. This was mainly due to a gain of S$12.4 million arising from the disposal of a subsidiary, Yangzhou Huili, which owned a piece of land in Yangzhou which we originally intended to develop. In view of the attractive offer which we received from an interested developer, we sold our stake in the subsidiary. In addition, as part of our strategy to focus on property development business in the PRC, we disposed off our interest in a subsidiary, Dafeng, which was in the waste water treatment business, and recorded a gain on disposal of subsidiary of S$0.8 million. We also disposed off certain construction equipment in FY2007 which resulted in a gain on disposal of property, plant and equipment of S$1.3 million.

Cost of construction

Cost of construction increased by approximately S$103.7 million or 122.2% from S$85.0 million in FY2006 to S$188.7 million in FY2007. The increase in cost of construction was more than the proportionate increase in revenue from our construction business primarily due to higher material costs, in particular, steel, sand and concrete in FY2007. The average prices of steel, sand and concrete increased by approximately 40.1%, 141.1% and 63.0% respectively in FY2007. We also incurred higher labour costs of S$1.6 million and overheads of S$0.9 million in FY2007 as a result of costs overrun on three projects, namely, Riveredge Condominium, The Arc at Draycott and Tribeca, as the completion dates for these projects were extended. The completion dates for these projects were extended mainly due to weather conditions and additional requirements from the developer (such as changes to finishing and fixtures and building facade design). For one project, we also faced unexpected ground obstruction during the piling stage. There were a large number of steel I-beams and sheet piles buried in the ground and these had to be removed and the entire site had to be checked before piling could commence. As a result, the gross profit margin for our construction business decreased by 5.7% from 14.0% in FY2006 to 8.3% in FY2007.

Despite the lower gross profit margin, gross profit for our construction business increased by S$3.3 million from S$13.8 million in FY2006 to S$17.1 million in FY2007.

Cost of sales of development properties

Cost of sales of development properties decreased by approximately S$5.1 million or 34.7% from S$14.6 million in FY2006 to S$9.5 million in FY2007 which is in line with the decrease in revenue from our property development business.

Gross profit margin for our property development business decreased from 55.2% in FY2006 to 27.4% in FY2007 due to the lower average selling price of the units in Suzhou Shengyang Commercial Building, as compared to the selling price of the units in Wenchang Broadway in Yangzhou in FY2006.

Depreciation and amortisation

As we had secured more construction projects in FY2007 with similar commencement periods, we acquired approximately S$5.0 million worth of plant and machinery to support our business expansion. Consistent with our emphasis on quality, one of the strategies we adopted was to enhance our pre-cast fabrication capabilities. In FY2007, we purchased a leasehold property in Tuas South Avenue 1 with the intention of expanding our pre-cast fabrication activities. This resulted in an increase in depreciation expenses of approximately S$1.3 million from S$1.1 million in FY2006 to S$2.4 million in FY2007.

Selling expenses

Selling expenses mainly relate to sales commission and advertisement expenses incurred for sales of development properties in the PRC. There was no significant variance between FY2006 and FY2007.

Staff costs

Staff costs increased by approximately S$1.6 million from S$6.1 million in FY2006 to S$7.7 million in FY2007. The increase was mainly due to an increase in headcount as we continued to secure more projects and an increase in average wages of about 12.7%. Furthermore, in FY2007, our PRC subsidiary paid a one-off staff incentive of S$0.6 million as part of its scheme to reward its employees.

Other expenses

Other expenses increased by approximately S$0.3 million from S$3.9 million in FY2006 to S$4.2 million in FY2007.

The increase in other expenses was due to write-off of inventories of S$0.4 million, allowance for doubtful trade receivables of S$0.4 million, expenses incurred for the proposed initial public offer of our Group of S$0.3 million and increase in bad debts written off of S$0.2 million. The increase in other expenses was partially offset by a reversal of allowance for impairment losses in property, plant and equipment of S$1.5 million.

Profit from operating activities

Our lower gross profit in FY2007 was offset by an increase in other income which resulted in a marginal increase of approximately S$0.7 million in our operating profit from S$21.9 million in FY2006 to S$22.6 million in FY2007.

Finance income

Our finance income increased by approximately S$12.7 million from S$0.6 million in FY2006 to S$13.3 million in FY2007 and was mainly due to a one-off dividend income derived from investment in debt securities of approximately S$12.1 million in FY2007. In February 2007, our subsidiary, Tiong Seng Contractors issued non-cumulative Class A redeemable preference shares to a financial institution ("Preference Share A") for the purpose of raising funds as our Group was evaluating certain acquisition opportunities for property development sites in the PRC. Pending deployment of the funds, our subsidiary subscribed for 180 redeemable preference shares issued by an asset management company ("Preference Share B"). However, the acquisition opportunities that our Group was evaluating did not materialize. We then fully redeemed Preference Share A in December 2007. This redemption was satisfied by the transfer of Preference Share B to the holder of Preference Share A.

Finance expenses

Finance expenses increased by approximately S$14.3 million from S$1.9 million in FY2006 to S$16.2 million in FY2007 which was mainly due to the payment of a one-off dividend to a financial institution amounting to S$11.4 million arising from the issuance of preference shares in FY2007 as explained above. The increase in finance expenses was also due to an increase in total borrowings to finance the increase in capital expenditure on property, plant and equipment and working capital requirements which resulted in an increase in interest expenses on bank loans of S$1.0 million, an increase in discount implicit in retention sum receivable of S$1.0 million, an increase in accretion of implicit interest in retention sum payable of S$0.1 million and a foreign exchange loss of S$0.5 million in FY2007 as compared to a foreign exchange gain of S$0.3 million in FY2006.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S$0.9 million from S$0.6 million in FY2006 to S$1.5 million in FY2007 and was mainly due to an increase in the share of profit from our joint ventures with Kajima.

Profit before income tax

As a result of the above, our profit before income tax remained relatively unchanged at S$21.2 million in FY2007 as in FY2006 as higher finance expenses were offset by the increase in share of profit of joint ventures and receipt of one-off dividend income from debt securities.

FY2007 vs FY2008

Revenue

Our revenue increased by approximately S$51.6 million or 23.4%, from S$220.7 million in FY2007 to S$272.3 million in FY2008.

The revenue from our construction business increased by approximately S$55.8 million or 27.1%, from S$205.8 million in FY2007 to S$261.6 million in FY2008. The increase was mainly due to revenue contributions from new projects, such as Hilltops, The Wilkie and the Sentosa Integrated Resorts project. These three new projects in aggregate contributed approximately S$42.2 million in revenue. We also recorded higher revenue from our on-going projects, the key ones being Tribeca, Capella Phase 1 & 2 and Sky@ Eleven, which commenced construction in FY2007 and were in the advanced stages of construction in FY2008. These existing major projects in aggregate contributed to an increase of approximately S$57.2 million in revenue in FY2008.

The increase in revenue from the above mentioned projects was partially offset by a decrease in revenue contribution of approximately S$48.5 million from Parc Emily, Riveredge Condominium, The Arc at Draycott and Marina Bay Financial Centre (Foundation Engineering) − Commercial component as these projects were completed in FY2008. These projects in aggregate contributed approximately S$65.3 million in revenue in FY2008, as compared to approximately S$113.8 million in revenue in FY2007.

The overall increase in construction revenue was partially offset by a decrease in revenue from our property development segment. Revenue from our property development segment decreased by approximately S$4.7 million, or 35.6%, from S$13.1 million in FY2007 to S$8.4 million in FY2008.

Revenue in FY2007 was derived mainly from the sale of units in Suzhou Shengyang Commercial Building of approximately S$12.5 million, representing approximately 87.7% of the total saleable area of the project. This was a new commercial project that we undertook in FY2006 and completed in FY2007.

In contrast, revenue in FY2008 was derived mainly from the sale of units in Wenchang Broadway in Yangzhou of approximately S$7.6 million, representing approximately 8.3% of the total saleable area of the project.

Rental income

Rental income increased by approximately S$0.5 million from S$1.8 million in FY2007 to S$2.3 million in FY2008. The increase was mainly due to higher rental income generated from investment properties of approximately S$0.9 million. The increase was partially offset by a decrease of approximately S$0.4 million in rental income generated from plant and machinery.

Other income

Other income decreased by approximately S$13.6 million from S$16.1 million in FY2007 to S$2.5 million in FY2008. The decrease was mainly due to the recognition of gains on disposal of subsidiaries of S$13.3 million in FY2007, compared to S$0.4 million in FY2008.

Cost of construction

Cost of construction increased by approximately S$56.1 million or 29.7% from S$188.7 million in FY2007 to S$244.8 million in FY2008. The increase in cost of construction was due to the higher volume of construction work undertaken in FY2008 as reflected in the increase in our construction revenue.

In FY2008, the increase in cost of construction was more than the increase in our construction revenue, resulting in lower gross profit margin of 6.4% compared to 8.3% in FY2007. This was mainly due to additional prolongation costs incurred during the periods when the project durations were extended, including but not limited to higher staffing and overhead costs incurred for certain projects, namely, Parc Emily, Riveredge Condominium, The Arc at Draycott and Capella Phase 1 as well as the provision for foreseeable loss on one of our projects amounting to approximately S$2.7 million. Provision for foreseeable loss was necessary in view of the impact of increase in material prices and overhead costs, coupled with ground obstruction faced during the piling stage.

Cost of sales of development properties

Cost of sales of development properties decreased by approximately S$5.0 million from S$9.5 million in FY2007 to S$4.6 million in FY2008. This decrease was more than the proportionate decrease in revenue from sales of development properties as property sales in FY2008 comprised sales of units in Wenchang Broadway in Yangzhou, which fetched higher margins compared to the sales of units in Suzhou Shengyang Commercial Building in FY2007. Thus, our gross profit margin for our property development segment increased from 27.4% in FY2007 to 46.0% in FY2008.

Depreciation and amortisation

Depreciation charges decreased by approximately S$0.6 million from S$2.4 million in FY2007 to S$1.8 million in FY2008, due to certain assets being fully depreciated towards the end of FY2007 and early FY2008.

Selling expenses

Our selling expenses decreased by approximately S$1.3 million from S$1.8 million in FY2007 to S$0.5 million in FY2008. The decrease was in line with a decrease in revenue from our property development segment in FY2008.

Staff costs

Our staff costs increased by approximately S$0.5 million from S$7.7 million in FY2007 to S$8.2 million in FY2008, mainly due to increase in staff headcount to support our increased construction activities in Singapore. Further, new staff were recruited in relation to the acquisition of a subsidiary in Cangzhou and the setting up of two new subsidiaries in the PRC in FY2008.

Other expenses

Other expenses increased by approximately S$7.9 million from S$4.2 million in FY2007 to S$12.1 million in FY2008. The increase was mainly attributable to the reversal of allowance for impairment losses in property, plant and equipment of S$1.5 million in FY2007 as well as an increase in initial public offering expenses, legal fees, repair and maintenance expenses, insurance, office supplies and professional fees of S$1.2 million, S$0.5 million, S$0.8 million, S$0.1 million, S$0.2 million and S$0.3 million respectively. There was also an impairment loss of S$0.7 million on an unquoted equity investment in FY2008, S$0.6 million of expenses borne on behalf of our subsidiary disposed in FY2008 and S$0.6 million contribution for newly incorporated/acquired subsidiaries in FY2008, namely Cangzhou Huashi, Tianjin Zizhulin Investment and Tianjin Zizhulin Nanxi. Other increases include direct operating expenses arising from rental of investment properties and plant and machinery, travelling and transport expenses as well as bank charges, each of which contributed S$0.2 million to the increase. These increases were partially offset by a S$0.2 million decrease each in allowance for doubtful trade receivables and bad debt written off and there being no write-off of inventories in FY2008 in contrast with S$0.4 million of inventories written off in FY2007.

Profit from operating activities

Profit from operating activities decreased by approximately S$19.8 million, from S$22.6 million in FY2007 to S$2.8 million in FY2008. This was largely attributable to lower gross profit from our construction activities, an increase in other expenses of approximately S$7.9 million and a decrease in other income of approximately S$13.6 million in FY2008.

Finance income

Finance income decreased by approximately S$8.7 million from S$13.3 million in FY2007 to S$4.6 million in FY2008, mainly due to the one-off dividend income from debt securities of S$12.1 million in FY2007. The decrease was partially offset by an increase in interest income of S$1.3 million and accretion of discount implicit in retention sum receivables of S$2.1 million in FY2008.

Finance expenses

Finance expenses decreased by approximately S$12.6 million from S$16.2 million in FY2007 to S$3.6 million in FY2008 mainly due to the payment of a one-off dividend to a financial institution amounting to S$11.4 million in FY2007 and a decrease in discount implicit in retention sum receivables of S$0.9 million in FY2008.

Share of profit of joint ventures, net of tax

Contribution from our share of profit in joint ventures, net of tax, increased by approximately S$5.5 million, from S$1.5 million in FY2007 to S$7.0 million in FY2008, mainly attributable to profits derived from our joint venture projects, namely, the St Regis Hotel and Residential Development, Marina Bay Financial Centre (Commercial Component) and Sentosa Integrated Resorts project with Kajima.

Profit before income tax

Profit before income tax decreased by approximately S$10.5 million from S$21.2 million in FY2007 to S$10.7 million in FY2008 mainly due to lower profit from operating activities, offset by an increase in share of profit of joint ventures, net of tax.

1H2008 vs 1H2009

Revenue

Our total revenue increased by approximately S$74.5 million or 52.1% from S$143.1 million in 1H2008 to S$217.6 million in 1H2009. Revenue from both business segments increased but the increase in total revenue was fuelled mainly by increase in revenue from sales of development properties of approximately S$68.9 million from S$7.4 million in 1H2008 to S$76.3 million in 1H2009.

Our property development revenue in 1H2009 was substantially contributed by the recognition of the sales of units in Tianmen Jinwan Building in Tianjin, following its completion in March 2009. In 1H2009, for residential units, a total of approximately 39,832 m^2, out of a total saleable area of approximately 51,000 m^2, was sold. Revenue was recognised at an average price of RMB8,117 (approximately S$1,773) per m^2. For commercial units, a total of approximately 1,204 m^2, out of a total saleable area of approximately 15,000 m^2, was sold. Revenue was recognised at an average price of RMB21,446 (approximately S$4,684) per m^2.

In contrast, only 2,429 m^2 of Wenchang Broadway in Yangzhou and 175 m^2 of Suzhou Shengyang Commercial Building were sold and revenue were recognised at average prices of RMB12,399 (approximately S$2,921) per m^2 and RMB7,440 (approximately S$1,465) per m^2 respectively in 1H2008.

The revenue from our construction business increased by approximately S$6.5 million or 4.9% from S$134.2 million in 1H2008 to S$140.7 million in 1H2009. This was mainly due to the increase in construction work done for existing projects as most of the projects were in the later stages of construction, as well as commencement of new projects which were secured towards the end of FY2008. In 1H2009, the revenue contribution from Tribeca and Sky @ Eleven were approximately S$14.9 million and S$25.1 million respectively, compared to approximately S$3.8 million and S$15.7 million respectively in 1H2008. Other existing projects contributed an aggregate increase in revenue of approximately S$7.7 million in 1H2009.

Our revenue in 1H2009 included maiden revenue contributions from our new projects such as (i) The Wilkie, (ii) Shelford Suites, and (iii) Marina Bay Financial Centre Tower 3 which contributed approximately S$8.0 million, S$10.4 million and S$17.7 million respectively. There was also an additional revenue contribution of approximately S$4.8 million from our pre-casting fabrication activities for external parties. Our pre-casting activities in the past were largely related to our own projects and there were minimal sales to external parties prior to 1H2009. The increase in revenue was offset by an approximately S$62.1 million decrease in contract revenue from projects completed in FY2008, namely, Parc Emily, Riveredge Condominium, The Arc at Draycott and Marina Bay Financial Centre (Foundation Engineering) − Commercial component and projects near completion, namely Capella Phase 1 and Phase 2.

Rental income

Rental income decreased by S$0.9 million from S$1.5 million in 1H2008 to S$0.6 million in 1H2009, mainly due to lower rental income from our investment properties in the PRC and plant and machinery in PNG.

Other income

Other income increased by S$4.5 million from S$1.2 million in 1H2008 to S$5.7 million in 1H2009. This was mainly due to a S$3.1 million business tax incentive granted by The People's Government of Tianjin City, PRC, to one of our subsidiaries to encourage city re-development. We also recorded a gain on disposal of property, plant and equipment of S$1.2 million in 1H2009.

Cost of construction

Cost of construction increased by approximately S$2.0 million or 1.6% from S$126.3 million in 1H2008 to S$128.3 million in 1H2009. The increase in cost of construction was lower than the proportionate increase in our construction revenue in 1H2009 due mainly to higher gross profit margins for our new projects. Gross profit margin from our construction business segment improved from 5.9% in 1H2008 to 8.8% in 1H2009.

Cost of sales of development properties

Cost of sales of development properties increased by approximately S$53.6 million from S$3.7 million in 1H2008 to S$57.3 million in 1H2009. The increase in costs of sales of development properties was in line with the recognition of revenue from units sold in Tianmen Jinwan Building in Tianjin, following its completion in March 2009.

While gross profit from our property development segment increased in 1H2009 as compared to 1H2008, gross profit margin was lower at 24.9% in 1H2009 as compared to 49.6% in 1H2008. This is because the average selling price of units in Tianmen Jinwan Building was lower than that of Wenchang Broadway in Yangzhou in 1H2008.

Depreciation

Depreciation was relatively unchanged in 1H2008 as compared to 1H2009.

Selling expenses

Selling expenses increased by S$0.4 million from S$0.1 million in 1H2008 to S$0.5 million in 1H2009. This was attributable to the heightened marketing efforts in promoting the sale of units in Tianmen Jinwan Building in Tianjin.

Staff costs

There was no significant change in staff costs in 1H2009 as compared to 1H2008.

Other expenses

Other expenses decreased by approximately S$2.7 million or from S$5.9 million in 1H2008 to S$3.2 million in 1H2009.

Decrease in other expenses for 1H2009 was mainly due to a S$0.6 million decrease in initial public offering expenses, a S$0.5 million reduction in direct expenses arising from rental of investment properties, plant and equipment, a S$0.2 million decrease in repair and maintenance expenses, as well as a reversal of allowance for impairment losses in an unquoted equity investment of S$0.2 million in 1H2009. These were partially offset by a S$0.1 million increase in legal fees in 1H2009.

Finance income

Finance income decreased by approximately S$1.2 million from S$3.8 million in 1H2008 to S$2.6 million in 1H2009. This was mainly due to a S$0.9 million decrease in accretion of discount implicit in retention sum receivables and a S$0.8 million decrease in interest income in 1H2009. The decrease in interest income was also due to a S$0.9 million interest income in 1H2008 related to loans to a business associate in the PRC and an investee. The loans were repaid in the later half of FY2008. There was no such interest income in 1H2009.

Finance expenses

Finance expenses increased by approximately S$1.0 million from S$1.3 million in 1H2008 to S$2.3 million in 1H2009, mainly due to an increase of S$0.8 million in interest expenses incurred on loans for the financing of our construction projects, investments in construction formwork system and further investments in property development projects in the PRC.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S$6.5 million from S$0.8 million in 1H2008 to S$7.3 million in 1H2009, mainly due to the increase in share of profit from our joint venture projects with Kajima.

Profit before income tax

Our profit before income tax increased by approximately S$29.8 million, from S$6.9 million in 1H2008 to S$36.7 million in 1H2009. The increase was due to an improvement in profit from operating activities, as well as higher share of profit from our joint ventures as outlined earlier.

3Q2008 vs 3Q2009

Revenue

Our total revenue increased by approximately S$26.3 million or 45.6% from S$57.7 million in 3Q2008 to S$84.1 million in 3Q2009. Revenue from both business segments increased but the increase in total revenue was fuelled mainly by the increase in revenue from our construction segment of approximately S$19.9 million or 34.8% from S$57.3 million in 3Q2008 to S$77.2 million in 3Q2009.

The increase in revenue from our construction segment was mainly due to the increase in construction work done for existing projects as most of the projects were in the later stages of construction, as well as commencement of new projects which were secured towards the end of FY2008. In 3Q2009, revenue contribution from the Tribeca, Sky @ Eleven, Hilltop and Sentosa Integrated Resorts projects in aggregate were approximately S$41.4 million compared to approximately S$21.2 million in 3Q2008.

In 3Q2009, the revenue contribution from our new projects such as (i) Shelford Suites, (ii) The Wilkie and (iii) Marina Bay Financial Centre Tower 3, were approximately S$5.9 million, S$2.9 million and S$21.1 million respectively. The increase in revenue was offset by the decrease in revenue of approximately S$30.8 million from projects completed in FY2008, namely, The Arc at Draycott and Marina Bay Financial Centre (Foundation Engineering) − Commercial component and projects near completion, namely Capella Phase 1 and Phase 2.

Revenue from our property development segment increased by S$6.6 million from S$0.1 million in 3Q2008 to S$6.7 million in 3Q2009. The increase was contributed by the recognition of revenue from sales of residential units (approximately 3,557 m^2) in Tianmen Jinwan Building in Tianjin. There was no sale of commercial units in Tianmen Jinwan Building in 3Q2009.

Rental income

There was no significant change in rental income in 3Q2009 as compared to 3Q2008.

Other income

Other income decreased by approximately S$0.5 million from S$1.0 million in 3Q2008 to S$0.5 million in 3Q2009. The decrease was mainly due to the recognition of a gain on disposal of a subsidiary and income from the provision of demolition services and miscellaneous works in 3Q2008 of S$0.4 million each. There were no such incomes in 3Q2009. The decrease in other income was partially offset by recognition of income from the provision of project administrative services and government grant − jobs credit scheme of S$0.2 million each in 3Q2009.

Cost of construction

Cost of construction increased by approximately S$11.5 million or 21.7% from S$52.8 million in 3Q2008 to S$64.3 million in 3Q2009. The increase in cost of construction was lower than the proportionate increase in our construction revenue in 3Q2009 due mainly to higher gross profit margin for our new projects. Gross profit margin from our construction segment improved from 7.8% in 3Q2008 to 16.7% in 3Q2009.

Cost of sales of development properties

Cost of sales of development properties increased by approximately S$5.3 million from S$61,000 in 3Q2008 to S$5.4 million in 3Q2009. The increase in cost of sales of development properties was in line with the recognition of revenue from sales of development properties for units sold in Tianmen Jinwan Building in Tianjin.

Depreciation and amortisation

There was no significant change in depreciation in 3Q2009 as compared to 3Q2008.

Selling expenses

There was no significant change in selling expenses in 3Q2009 as compared to 3Q2008.

Staff costs

Staff costs increased by S$0.3 million, from S$1.9 million in 3Q2008 to S$2.2 million in 3Q2009. The increase was mainly due to the increase in staff headcount to support a higher volume of construction activities as well as increase in overall staff salaries since January 2009.

Other expenses

Other expenses increased by S$1.6 million from S$3.0 million in 3Q2008 to S$4.6 million in 3Q2009.

The increase in other expenses was mainly due to the recognition of additional impairment loss on an unquoted equity investment and initial public offering expenses of S$2.0 million and S$0.5 million respectively. The increase was partially offset by a decrease in bank charges and office supplies of S$0.2 million and S$0.1 million respectively.

Finance income

There was no significant change in finance income in 3Q2009 as compared to 3Q2008.

Finance expenses

Finance expenses increased by approximately S$0.2 million from S$1.1 million in 3Q2008 to S$1.3 million in 3Q2009. The increase was mainly due to an increase in exchange loss (net), interest expense on bank loans and loan from business associates and accretion of implicit interest in retention sum payables amounting to an aggregate of S$0.6 million. The increase was partially offset by a decrease in interest expense on bank overdrafts and loan from a corporate shareholder amounting to an aggregate of S$0.3 million.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S$5.3 million from S$97,000 in 3Q2008 to S$5.4 million in 3Q2009, mainly due to the increase in share of profit from our joint venture projects with Kajima.

Profit before income tax

Our profit before income tax increased by approximately S$12.0 million from a loss of S$0.2 million in 3Q2008 to a profit of S$11.8 million in 3Q2009. The increase was due to an improvement in profit from operating activities, as well as higher share of profit from our joint ventures as outlined earlier.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets comprise property, plant and equipment, investment properties, associates and joint ventures, non-current trade and other receivables, non-current amounts due from related parties (trade), other investments and deferred tax assets.

Our non-current assets totalled S$93.2 million and represented approximately 25.5% of our total assets as at 31 December 2008. These consist of:

- Property, plant and equipment of S$38.6 million;
- Investment properties of S$24.6 million;
- Associates and joint ventures of S$10.2 million, representing our cost of investments and share of results in associates and various joint ventures with Kajima, Samsung, Sindia Consortium and CHTN India Joint Venture;
- Non-current trade and other receivables of S$15.3 million, representing retention sum receivables retained by owners of construction projects, in each progress payment to us;
- Non-current amounts due from related parties (trade) of S$0.3 million;
- Other investments of S$3.2 million, representing investments in unquoted shares in Tri Union, United Land as well as other quoted investments; and
- Deferred tax assets of S$1.0 million.

31 December 2008 vs 30 June 2009

As at 30 June 2009, our non-current assets stood at S$86.3 million or approximately 25.5% of our total assets. There was a decrease in property, plant and equipment of approximately S$7.4 million to S$31.2 million as at 30 June 2009 due to relatively lower additions of S$2.4 million in 1H2009 and relatively higher depreciation charges of S$9.6 million.

Non-current trade and other receivables decreased by approximately S$6.3 million to S$9.0 million as at 30 June 2009. The decrease was mainly due to the reclassification of retention monies for certain construction projects to current assets as these amounts were due to be released within the next 12 months in anticipation of the completion of these projects.

The decrease in property, plant and equipment and non-current trade and other receivables were partially offset by a S$7.1 million increase in associate and joint ventures to S$17.3 million as at 30 June 2009, which was mainly due to the increase in share of profits of joint ventures, net of tax.

30 June 2009 vs 30 September 2009

As at 30 September 2009, our non-current assets totalled S$87.3 million which accounted for approximately 25.7% of our total assets. There was an increase of S$1.0 million in our non-current assets as at 30 September 2009 compared to as at 30 June 2009, mainly due to a S$5.4 million increase in associates and joint ventures to S$22.7 million as at 30 September 2009 and increase in trade and other receivables of $2.4 million to S$11.4 million as at 30 September 2009 due to increase in retention monies as our work done increased in 3Q2009. The increase was partially offset by a decrease in other investments of S$2.0 million, mainly due to additional impairment loss recognised on an unquoted equity investment and a decrease in property, plant and equipment of S$4.7 million. The decrease in property, plant and equipment was mainly due to additional depreciation charges of S$4.8 million offset by additional purchases of property, plant and equipment amounting to S$0.3 million in 3Q2009.

Current assets

Current assets comprise construction work-in-progress, development properties, trade and other receivables, amounts due from related parties, assets classified as held for sale and cash and cash equivalents.

Our current assets totalled S$272.8 million and represented approximately 74.5% of our total assets as at 31 December 2008. These consist of:

- Construction work-in-progress of S$11.6 million. Construction work-in-progress includes cost incurred in construction projects such as costs of staff and workers, raw materials and payments to sub-contractors. We invoice the construction project owners accordingly upon certification by external professional consultants (typically quantity surveyor and/or architect);

- Development properties of S$121.9 million;

- Trade and other receivables of S$105.9 million. Trade receivables comprise trade receivables, retention monies relating to construction contracts and accrued receivables. Retention monies are monies held by the construction project owner based on a certain percentage of the certified work done up to a certain percentage threshold of contract value. The construction project owner will release a certain percentage of the monies upon completion and the remaining amount at the end of the defects liability period. Accrued receivables are work done which have not been billed in relation to the relevant periods;

- Amounts due from related parties of S$22.0 million. These amounts relate to trade amounts due from joint ventures, non-trade amounts due from minority shareholders, joint ventures and affiliated corporations and loans to minority shareholders;

- Assets classified as held for sale of S$0.4 million; and

- Cash and cash equivalents of S$10.9 million.

31 December 2008 vs 30 June 2009

As at 30 June 2009, our current assets stood at S$251.4 million or approximately 74.5% of our total assets. Construction work-in-progress decreased by S$5.9 million to S$5.7 million as at 30 June 2009, mainly due to an additional provision for foreseeable loss on one of our projects.

Development properties decreased by S$35.5 million to S$86.4 million as at 30 June 2009 as S$57.3 million of development costs in relation to Tianmen Jinwan Building was recognised in profit or loss upon the completion of the project in March 2009. The decrease was partially offset by development costs of Tianmen Jinwan Building and Sunny International Project of S$21.8 million.

Our trade and other receivables increased by S$3.3 million to S$109.2 million as at 30 June 2009. Trade receivables increased by S$7.4 million to S$82.2 million as at 30 June 2009, largely due to the increase in retention monies receivables from construction project owners as our construction projects progressed. Retention monies receivables increased by approximately S$11.8 million to S$24.9 million as at 30 June 2009.

The increase was partially offset by a decrease in other receivables due to the receipt of a S$3.1 million business tax recoverable in 1H2009. This amount arose from a business tax incentive granted by the People's Government of Tianjin City, PRC. There was also a decrease in other receivables due to the recognition of a tax prepayment of S$2.9 million in income tax expense upon the completion of Tianmen Jinwan Building in March 2009 and the recognition of corresponding related revenue and costs of development properties sold in accordance with the Group's accounting policy. These decreases were partially offset by an increase of S$1.5 million in advances to suppliers.

Amounts due from related parties increased by S$5.2 million to S$27.2 million as at 30 June 2009. The increase was mainly due to an increase in amounts owing by a joint venture partner in relation to work performed on the Sentosa Integrated Resorts project.

Cash and cash equivalents increased by S$10.9 million to S$21.9 million as at 30 June 2009. The increase was mainly due to the advanced stages of our existing construction projects, when amounts claimed and collected are generally of a higher quantum as compared to the earlier stages.

30 June 2009 vs 30 September 2009

As at 30 September 2009, our current assets totalled S$252.0 million, which accounted for approximately 74.3% of our total assets. Our current assets increased by S$0.6 million from S$251.4 million as at 30 June 2009 to S$252.0 million as at 30 September 2009. The increase was mainly due to an increase in cash and cash equivalent of S$15.1 million to S$37.0 million as at 30 September 2009. The increase was partially offset by a decrease in trade and other receivables of S$9.0 million, construction work-in-progress of S$1.1 million, development properties of S$2.6 million, amounts due from related parties of S$0.8 million and assets classified as held for sale of S$1.0 million.

The decrease in trade and other receivables by S$9.0 million to S$100.2 million as at 30 September 2009 was mainly due to a reduction in work done billed as certain projects had completed or were near completion. This included reduction in trade receivables, advances to suppliers, accrued receivables and retention monies on construction contracts with an aggregate amount of approximately S$13.5 million. The decrease was partially offset by an additional deposit of S$5.2 million placed for acquisition of land use rights relating to the purchase of a piece of land in Dagang, PRC.

The decrease in construction work-in-progress of S$1.1 million to S$4.5 million as at 30 September 2009 was mainly due to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 September 2009 as compared to 30 June 2009.

The decrease in development properties of S$2.6 million to S$83.8 million as at 30 September 2009 was mainly due to the recognition of cost of sales of development properties of S$5.4 million in our profit and loss statement for Tianmen Jinwan Building in Tianjin in 3Q2009. The decrease was partially offset by additional development costs of S$2.8 million for other on-going projects in the PRC.

The decrease in amounts due from related parties of S$0.8 million to S$26.4 million as at 30 September 2009 was mainly due to the repayment of a non-trade amount due from an affiliated corporation of S$0.2 million, a decrease in non-trade amounts due from minority shareholders of S$0.3 million and a decrease in trade amount due from a joint venture of S$0.2 million because of a decrease in work done.

The decrease of S$1.0 million in assets classified as held for sale was mainly due to the disposals of an investment in the PRC amounting to S$0.4 million and an investment property of S$0.6 million in 3Q2009.

Non-current liabilities

Our non-current liabilities comprise mainly trade and other payables, amounts due to related parties, loans and borrowings and deferred tax liabilities.

Our non-current liabilities totalled S$21.7 million and represented approximately 8.0% of our total liabilities as at 31 December 2008. These consist of:

- Non-current trade and other payables of S$7.0 million, representing retention sums payable to sub-contractors deducted in each progress payment to them as the construction work progressed. As with retention sums on construction contracts deducted by the construction project owners from the payment to us, we deduct retention monies from amounts payable to sub-contractors for their work performed on the various construction projects;

- Non-current amounts due to related parties of S$10.2 million. These comprise loans from an affiliated corporation and a minority shareholder and non-trade amounts due to an affiliated corporation;

- Loans and borrowings of S$3.4 million, representing the non-current portion of secured bank loans and finance lease obligations; and

- Deferred tax liabilities of S$1.0 million.

31 December 2008 vs 30 June 2009

As at 30 June 2009, our non-current liabilities stood at S$34.1 million or approximately 15.8% of our total liabilities.

Trade and other payables increased by approximately S$2.3 million to S$9.3 million as at 30 June 2009. The increase was mainly due to the increase in work done by sub-contractors on the various construction projects as the construction of these projects progressed.

Non-current portion of loans and borrowings increased by approximately S$6.4 million to S$9.8 million as at 30 June 2009. The increase was mainly due to financing obtained for our new property development project, Sunny International Project by Cangzhou Huashi.

30 June 2009 vs 30 September 2009

As at 30 September 2009, our non-current liabilities totalled S$44.1 million which accounted for approximately 21.2% of our total liabilities. The increase of S$10.0 million from $34.1 million as at 30 June 2009 to S$44.1 million as at 30 September 2009 was mainly due to the increase in loans and borrowings of $15.0 million obtained to finance our property development projects in the PRC. Trade and other payables increased by S$1.0 million to S$10.3 million as at 30 September 2009. The increase was mainly due to increase in retention monies payables. The increase in non-current liabilities was partially offset by a reclassification of a non-current loan from an affiliated corporation of S$5.6 million to current liabilities.

Current liabilities

Our current liabilities comprise mainly progress billings in excess of construction work-in-progress, trade and other payables, loans and borrowings, amounts due to related parties and current tax payable.

As at 31 December 2008, our current liabilities stood at S$250.5 million or approximately 92.0% of our total liabilities. These consist of:

- Progress billings in excess of construction work-in-progress of S$2.7 million, representing excess amounts invoiced to our customers as compared to work completed as certified by external consultants (such as the quantity surveyor and/or architect) of the construction projects. Please see also construction work-in-progress in excess of progress billings under "Current Assets" above;

- Trade and other payables of S$143.7 million representing mainly trade and accrued trade payables, retention monies payable to suppliers and sub-contractors, receipts in advance from customers and accrued operating expenses;

- Loans and borrowings of S$71.7 million comprising secured bank loans, overdrafts, unsecured loans from a business associate and finance lease obligations;

- Amounts due to related parties of S$21.9 million. These include trade amounts due to an affiliated corporation and joint ventures, non-trade amounts due to a corporate shareholder and minority shareholders and loans from a corporate shareholder, a corporate shareholder of a subsidiary which is also an affiliated corporation and minority shareholders; and

- Current tax payable of S$10.5 million.

31 December 2008 vs 30 June 2009

As at 30 June 2009, our current liabilities stood at S$181.4 million or approximately 84.2% of our total liabilities.

Trade and other payables decreased by approximately S$47.9 million to S$95.8 million as at 30 June 2009. The decrease was mainly due to the recognition of S$52.5 million of receipts in advance from property buyers, primarily of units in Tianmen Jinwan Building, as revenue in 1H2009. This was partially offset by an increase of S$7.6 million in trade and accrued trade payables relating to the increase in construction activities as discussed under "Current Assets" and mainly property development activities in the PRC.

Total current portion of loans and borrowings decreased by S$26.3 million to S$45.4 million as at 30 June 2009. The decrease was mainly due to repayment of bank overdrafts and loans of S$15.4 million and S$19.5 million respectively. Additional loans and borrowings of S$15.1 million were drawn down in 1H2009 to finance our increased construction and property development activities, of which S$6.6 million is repayable after 12 months.

Current tax payable increased by S$1.4 million to S$11.8 million as at 30 June 2009. This was largely due to the recognition of income tax and LAT payable upon the completion of Tianmen Jinwan Building in March 2009 and the recognition of related revenue and costs of development properties sold.

30 June 2009 vs 30 September 2009

As at 30 September 2009, our current liabilities totalled S$164.3 million, which accounted for approximately 78.8% of our total liabilities. Our current liabilities decreased by S$17.1 million from S$181.4 million as at 30 June 2009 to S$164.3 million as at 30 September 2009. The decrease was mainly due to the decrease in amount due to related parties, loans and borrowings and progress billings in excess of construction work-in-progress of S$5.9 million, S$15.8 million and S$2.7 million respectively. The decrease was partially offset by an increase in trade and other payables of S$8.7 million.

The decrease in amounts due to related parties of S$5.9 million to S$15.1 million as at 30 September 2009 was mainly due to a loan repayment made to a corporate shareholder of S$10.0 million, a repayment of trade amounts due to an affiliated corporation of S$0.6 million and a repayment of loan to a minority shareholder of S$1.7 million in 3Q2009. The decrease was partially offset by a reclassification of a loan from an affiliated corporation of S$5.6 million from non-current liabilities to current liabilities as mentioned above.

The decrease in loans and borrowings of S$15.8 million to S$29.6 million as at 30 September 2009 was mainly due to repayments made in 3Q2009.

The decrease in progress billings in excess of construction work-in-progress of S$2.7 million to S$4.7 million as at 30 September 2009 was mainly due to an increase in our work done which were recognised as revenue.

The increase in trade and other payables of S$8.7 million to S$104.5 million as at 30 September 2009 was mainly due to an increase in accrued trade payables by S$5.0 million, an increase in accrued operating expense of S$1.9 million and an increase in receipt in advance for pre-sale of development properties by Cangzhou Huashi of S$8.4 million. The increase was offset by a decrease in receipts in advance of S$1.0 million and a decrease in trade payables and other payables of S$4.3 million and S$1.6 million respectively.

Total equity

Total equity comprise share capital, accumulated profits, minority interests and reserves. Total equity amounted to S$93.8 million as at 31 December 2008.

Minority interest of S$30.7 million as at 31 December 2008 represented our various business partners' equity interest in the net assets of our Group.

As at 30 June 2009, total equity increased to S$122.2 million, mainly due to S$19.4 million of profits recorded in 1H2009 and higher minority interest balance of S$40.1 million.

As at 30 September 2009, total equity increased to S$130.9 million, mainly due to an additional S$9.8 million of profits recorded in 3Q2009, partially offset by lower minority interest balance of S$39.4 million.

Working capital analysis

We had net current assets of S$22.2 million, S$70.0 million and S$87.7 million as at 31 December 2008, 30 June 2009 and 30 September 2009 respectively. Our cash and cash equivalents, less bank overdrafts and deposits pledged, amounted to S$(6.9) million, S$19.5 million and S$35.3 million as at 31 December 2008, 30 June 2009 and 30 September 2009 respectively.

We believe that our cash position and banking facilities are sufficient to meet our anticipated cash needs for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investment or acquisition which we may decide to pursue. If our working capital is insufficient to meet our requirements then, we may seek to sell additional equity securities, debt securities or borrow from financial institutions. The incurrence of debts will increase the interest payments required to service our debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividend to shareholders.

LIQUIDITY AND CAPITAL RESOURCES

Our growth and operations have been funded through a combination of shareholders' equity, internal funds generated from operations, bank borrowings and other credit facilities.

For our construction projects, we typically bill and collect according to the construction progress. The project owners will typically withhold 10% of each progressive payment due to us for work completed as retention monies until the accumulated retention monies reaches 5% of the total contract sum. Subsequent progressive payments due to us will not be subject to retention, which will reduce the cash flow requirements of our construction projects. The cash flow requirements of our construction projects are largely financed by internal cash resources and bank borrowings.

Our property development segment is relatively more capital intensive. We have to make upfront payments to acquire the land use rights and we can start selling units in the projects only when construction has reached 25% of the total construction costs. Upon the sale of the units, a purchaser typically pays an initial payment of at least 30% for residential developments, and 50% for commercial developments, of the aggregate purchase price of the property unit at the time of the execution of the sale and purchase agreement. The balance of the purchase price is satisfied either by a lump sum payment of the entire balance, mortgage facilities arranged with banks or financial institutions, or instalment payments. Our property development business is largely financed by our internal cash resources, loans from related parties, progressive payments received from purchasers and bank borrowings.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Prospectus for further details of our available facilities and our level of borrowings as at 31 December 2009.

To the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

Our principal uses of cash have mainly been for capital expenditures, working capital as well as repayment of bank borrowings and financial expenses.

Based on our shareholders' equity of S$122.2 million and S$130.9 million as at 30 June 2009 and 30 September 2009 respectively, and our loans and borrowings of $55.2 million and $53.7 million as at 30 June 2009 and 30 September 2009 respectively, our gearing ratio (defined as total loans and borrowings divided by shareholders' equity) had improved from 0.5 times to 0.4 times.

In the reasonable opinion of our Directors, after taking into consideration our present cash position, cash generated from our operations and available banking facilities, the working capital available to our Group, as at the date of lodgement of this Prospectus, is sufficient for our present requirements.

The following table sets out a summary of our Group's combined statement of cash flow for FY2006, FY2007, FY2009, 1H2009 and FP2009. The combined cash flow summary should be read in conjunction with the full text of this Prospectus, including Annexes F and G of this Prospectus respectively.

S$'000	**FY2006**	**FY2007**	**FY2008**	**1H2009**	**FP2009**
Net cash inflow/(outflow) from operating activities	(32,758)	(23,151)	4,125	38,962	67,103
Net cash inflow/(outflow) from investing activities	(4,955)	765	(33,932)	(5,411)	(4,534)
Net cash inflow/(outflow) from financing activities	17,580	18,769	17,596	(6,873)	(20,095)
Net (decrease)/increase in cash and cash equivalents	(20,133)	(3,617)	(12,211)	26,678	42,474
Cash and cash equivalents at the beginning of the financial year/period	28,967	7,937	4,345	(6,858)	(6,858)
Effect of exchange rate changes on balances held in foreign currencies	(897)	25	1,008	(281)	(291)
Cash and cash equivalents at the end of the financial year/ period	7,937	4,345	(6,858)	19,539	35,325

FY2006

Net cash outflow from operating activities

In FY2006, we recorded a net cash outflow from operating activities of S$32.8 million which comprised operating profit before working capital changes of S$24.6 million, offset by net working capital outflow of S$54.5 million and payment of income tax of S$2.9 million.

The net working capital outflow was primarily due to:

(a) an increase in development costs of S$32.7 million, largely attributable to our two major property development projects, namely, Wenchang Broadway, Yangzhou and Tianmen Jinwan Building, Tianjin. The additional development costs relating to the two major projects were approximately S$1.3 million and S$18.0 million respectively. In addition, we acquired a piece of land in Yangzhou under our previous subsidiary, Yangzhou Huili, amounting to S$10.7 million;

(b) an increase in trade and other receivables of S$16.1 million, due mainly to an increase in retention monies and accrued receivables on construction projects of S$4.8 million and S$11.6 million respectively. As discussed under the "Review of Financial Position — Current Assets", the amount of retention monies increased correspondingly as our work done increased as the construction projects progressed. In FY2006, we completed a major project, Home Team Academy, and had accrued receivables of S$4.9 million relating to variation works in the final account for this project; and

(c) a decrease in trade and other payables of S$15.5 million, due mainly to a S$12.1 million decrease in receipts in advance from purchasers as the amount was recognised as revenue, following the completion of Wenchang Broadway.

The above outflows were partially offset by the working capital inflows arising from a decrease of S$2.3 million from construction work-in-progress and net cash inflow of $7.5 million from trade balances with related parties. We also collected approximately S$1.6 million from a related party following the completion of the Kim Chuan Link project in FY2005.

Net cash outflow from investing activities

We recorded a net cash outflow from investing activities of S$5.0 million in FY2006 mainly due to the purchase of property, plant and equipment amounting to an aggregate of S$8.6 million primarily for our construction business, loans of S$1.3 million to related parties and a net outflow of S$3.0 million arising from the acquisition of interests in our subsidiaries, Tianjin Tianmen Jinwan and Yangzhou Huili. These outflows were partially offset by proceeds received from the disposal of investment properties, property, plant and equipment as well as other investments amounting to an aggregate of S$5.8 million, dividends received from joint venture of S$1.5 million, interest received on cash and cash equivalent of S$0.3 million and the repayment of loan amounting to S$0.6 million by an investee company.

Net cash outflow from financing activities

We recorded a net cash inflow from financing activities of S$17.6 million in FY2006. This was mainly due to additional funding from related parties of S$12.5 million which was injected into our property development project in Tianjin Zizhulin, additional capital contribution by minority shareholders of S$6.3 million, a decrease in deposits pledged of $0.4 million, and an increase in bank borrowings of S$10.1

million. These were partially offset by cash outflows from dividends paid of S$1.0 million, repayments of bank borrowings and payment of finance lease liabilities of S$9.1 million in aggregate and interest paid of S$1.8 million.

FY2007

Net cash outflow from operating activities

In FY2007, we recorded a net cash outflow from operating activities of S$23.2 million which comprised operating profit before working capital changes of S$11.2 million, offset by net working capital outflow of S$29.1 million and income tax payment of S$5.3 million.

The net working capital outflow arose mainly from:

(a) an increase in development properties of S$16.1 million, due mainly to the costs incurred in our property development projects in Tianmen Jinwan Building amounting to S$12.7 million;

(b) an increase in trade and other receivables of S$56.7 million, due mainly to:

    (i) deposits placed for acquisition of land use rights of S$14.9 million relating to the purchase of a piece of land in Yangzhou. The acquisition was subsequently aborted and the deposit was refunded in January 2008;

    (ii) an increase in accrued receivables of S$17.3 million as a result of a higher level of construction activities as we took on more projects and the time lag between the completion of work for our construction projects and the eventual dates of billing. This time lag arose as the project consultants would need to make necessary assessment of our work done and advise the project owner accordingly. The time lag could range between one and two months, depending on the contracts. This resulted in a timing mismatch between our receipt of payments for work done and our payments to sub-contractors;

    (iii) an increase in retention monies on construction contracts withheld by developers of S$10.4 million mainly due to the increase in volume of construction work done and construction value, which led to a corresponding increase in retention monies;

    (iv) an increase in trade receivables of S$8.0 million;

    (v) prepayment of resettlement costs of S$3.2 million for the property development project undertaken by Tianjin Zizhulin; and

    (vi) receivables of S$2.4 million in relation to disposal of a subsidiary; and

(c) an increase in construction work-in-progress of S$8.5 million, due mainly to an increase in construction costs for our new projects, Hilltop, Sky @ Eleven and Capella Phase 2, as well as reflecting a full year of operations for the other on-going construction projects.

The above working capital outflows were partially offset by cash inflows from an increase in trade and other payables of S$52.7 million. The increase was mainly due to an increase in receipts in advance for the pre-sales of our development properties of S$23.3 million and an increase in accrued payables of S$27.8 million mainly due to an increase in construction activities in FY2007.

Net cash inflow from investing activities

We recorded a net cash inflow from investing activities of S$0.8 million in FY2007 mainly due to dividends received from an asset management company and other investments of S$12.4 million. During the year, Tiong Seng Contractors had subscribed for 180 redeemable preference shares issued by an asset management company which declared dividends amounting to S$12.1 million. Other sources of cash inflow include proceeds of S$16.0 million from the disposal of our subsidiaries, Dafeng and Yangzhou Huili, proceeds of S$4.3 million from the disposal of investment properties, property, plant and equipment and other investments, proceeds of S$1.0 million from the disposal of our associates, Shanghai Yatong and Funing, and interest received of S$0.2 million.

These cash inflows were partially offset by the purchase of property, plant and equipment of S$9.9 million (of which S$5.5 million was used for the purchase of a piece of land for construction of a pre-cast factory), prepayment for the acquisition of shares in Cangzhou Huashi of S$7.7 million, loans to related parties of S$9.2 million (relating to amounts due from minority shareholders secured by undistributed retained earnings of subsidiaries yet to be distributed as dividends to the minority shareholders and future dividends to be distributed by a subsidiary), purchase of investment properties and other investments of S$2.6 million, acquisition of additional interests in a subsidiary of S$1.8 million and loan to a business associate of S$2.0 million.

Net cash inflow from financing activities

We recorded a net cash inflow from financing activities of S$18.8 million in FY2007. This was mainly due to cash inflows from additional bank borrowings of S$41.6 million. These were partially offset by cash outflows arising from the following:

(a) repayments of bank borrowings and payments of finance lease liabilities of S$3.1 million in aggregate and interest paid of S$2.7 million;

(b) an increase in deposits pledged of S$1.0 million in respect of proceeds received from the pre-sale of properties in the PRC held under designated bank accounts for the purpose of obtaining credit facilities;

(c) payment of dividends amounting to S$11.4 million to the holder of non-cumulative Class A redeemable preference shares issued by us in FY2007; and

(d) repayment of loans from related parties amounting to S$4.5 million.

FY2008

Net cash inflow from operating activities

In FY2008, we recorded a net cash inflow from operating activities of S$4.1 million which comprised operating profit before working capital changes of S$17.5 million, offset by net working capital outflow of S$3.8 million and income tax payment of S$9.6 million.

The net working capital outflow arose mainly from:

(a) an increase in development cost of S$19.3 million, due mainly to the costs incurred in the development of Tianmen Jinwan Building and Sunny International Project, Cangzhou;

(b) an increase in trade and other receivables of S$10.8 million, due mainly to:

(i) an increase in retention monies of S$9.2 million on construction contracts withheld by construction project owners and S$6.7 million of trade receivables, mainly because of increased construction activities;

(ii) a deposit of S$19.0 million placed for the acquisition of land use rights relating to a piece of land in Dagang, PRC;

(iii) a deposit of S$2.1 million placed for a joint development project; and

(iv) an increase in tax recoverable of S$2.5 million mainly relating to the business tax incentive granted by the People's Government of Tianjin City, PRC.

The above increases were partially offset by a decrease in advances to suppliers of S$2.0 million, a decrease in accrued receivables of S$0.7 million, receipt of deposit refund of S$14.9 million placed in FY2007 for the purchase of a piece of land in Yangzhou, a decrease in prepayment for resettlement costs of S$2.7 million, receipt of $2.0 million in relation to a business associate in FY2007, receipt of S$1.6 million in relation to investment properties sold in FY2007 and a reduction in other receivables of S$1.2 million.

The net working capital outflows above were partially offset by an increase in trade and other payables of S$23.4 million, mainly attributable to the increase in receipts in advance for pre-sales of Tianmen Jinwan Building.

Net cash outflow from investing activities

We recorded a net cash outflow from investing activities of S$33.9 million in FY2008 mainly due to an increase in non-trade amounts due from joint ventures, non-trade advances and loans to minority shareholders aggregating in total S$11.6 million, cash outflow of S$1.0 million in relation to the acquisition of Cangzhou Huashi, purchase of property, plant and equipment of S$25.6 million and additional investment in Tianjin of S$1.9 million. These outflow were partially offset by interest received of S$1.5 million, proceeds in relation to the disposal of a subsidiary of S$2.3 million and a loan repayment of S$2.0 million by a business associate.

Net cash inflow from financing activities

We recorded a net cash inflow from financing activities of S$17.6 million in FY2008. This was mainly due to a loan from a corporate shareholder of S$10.0 million, capital contribution by minority shareholders in the PRC of S$7.9 million and increase in loans and borrowings of S$29.2 million. These inflow were partially offset by cash outflows arising from the following:

(a) repayments of loans and borrowings including finance lease of S$24.2 million and interest paid of S$3.3 million; and

(b) an increase in deposits pledged of S$0.5 million which was mainly to obtain a banking facility for one of our subsidiaries in the PRC.

FP2009

Net cash from operating activities

In FP2009, we recorded a net cash inflow from operating activities of S$67.1 million which comprised operating profit before working capital changes of S$51.8 million, net working capital inflow of S$17.3 million, income tax payment of S$3.2 million and income tax refund of S$1.2 million.

The net cash inflow from operating activities arose mainly from:

(a) a decrease in development costs, receipts in advance from customers and sales proceeds collected in FP2009 of S$62.7 million, S$64.0 million and S$27.8 million respectively, due mainly to the completion of Tianmen Jinwan Building in March 2009 and the recognition of related development costs and receipts in advance for units sold in profit or loss. This was partially offset by the additional S$6.3 million in development costs incurred for the Sunny International Project by Cangzhou Huashi, in 3Q2009.

(b) a net decrease in trade and other receivables of S$8.5 million, due mainly to:

(i) a net $15.7 million reduction in trade and accrued receivables arising from less billings made in FP2009 with generally lower quantum as compared to that for FY2008; and

(ii) receipt of S$3.1 million business tax incentive from the People's Government of Tianjin City, PRC, granted to Tianjin Tianmen Jinwan.

The above decreases in trade and other receivables were partially offset by deposits of S$5.3 million placed for the acquisition of land use rights for a development project in Dagang, PRC, and the increase in retention sum monies receivables by S$7.2 million, as the construction work progressed during the period;

(c) S$8.4 million increase in receipts in advance from customers for the Sunny International Project, in relation to the pre-sales of the units in FP2009; and

(d) S$8.3 million increase in trade and accrued payables, S$4.2 million increase in retention sum payables and S$9.0 million decrease in construction work-in-progress in FP2009.

Net cash outflow from investing activities

We recorded a net cash outflow from investing activities of S$4.5 million in FP2009 mainly due to a S$5.2 million capital expenditure in property, plant and equipment, including settlement of outstanding balances arising from additions of property, plant and equipment in FY2008.

The cash outflow was partially offset by approximately S$1.1 million of proceeds received from disposal of property, plant and equipment.

Net cash outflow from financing activities

We recorded a net cash outflow from financing activities of S$20.0 million in FP2009. This was mainly due to cash outflows from repayments of loans and borrowings including finance lease of S$44.5 million and interest paid of S$2.9 million. These were offset by increase in loans and borrowings of S$38.7 million.

Contributing to the cash outflow from financing activities was a reduction in non-trade balances with related parties of S$12.0 million, due mainly to the repayment of a loan from a corporate shareholder of S$10.0 million, and the repayment of a loan from a minority shareholder.

FOREIGN EXCHANGE MANAGEMENT

Our key operations are in Singapore and the PRC. We also have a presence in PNG and Lao PDR. Our revenue is largely denominated in SGD and RMB. To a certain extent, there is natural hedging in our foreign currency exposures as the revenue for our projects are generally denominated in the same currency as the associated costs and expenses, and are transacted in the various local currencies where our operations are located.

Currently, we do not have a formal hedging policy with respect to our foreign exchange exposure and we do not enter into foreign exchange transactions for hedging and/or speculative purposes. Should the need arise, we may hedge our material foreign exchange transactions in the future after considering the foreign exchange exposure, the exposure period and the hedging costs. Prior to engaging in any foreign exchange hedging transaction or foreign exchange trading, our Group shall adopt the following measures:

(i) seek our Board's approval on the policy for entering into any such hedging transactions;

(ii) put in place adequate procedures which must be reviewed and approved by the Audit Committee; and

(iii) the Audit Committee shall monitor the implementation of the policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board.

We are, however, exposed to foreign exchange translation risks given that our combined financial statements are prepared in SGD while the financial statements of our foreign subsidiaries and associate companies are prepared in their respective functional currencies. In preparation of the combined financial statements, the financial statements of our foreign subsidiaries are translated from their respective functional currencies based on the prevailing exchange rates at the respective balance sheet dates except for share capital and reserves which are translated at historical exchange rates and profit and loss items which are translated at the average exchange rates for the respective years. Any appreciation of the SGD against RMB and Kina would lower our reported profits derived from our operations in the PRC and PNG respectively, which would in turn adversely affect the operating results of our Group.

Our net exchange gains/(losses) for FY2006, FY2007, FY2008, 1H2009 and FP2009 were as follows:

	FY2006 S$'000	FY2007 S$'000	FY2008 S$'000	1H2009 S$'000	FP2009 S$'000
Net exchange gains/(losses)	293	(547)	433	(62)	(374)

MATERIAL CAPITAL EXPENDITURE AND DIVESTMENTS

The material capital expenditure and divestments of our Group for FY2006, FY2007, FY2008, 1H2009 and FP2009 were as follows:

S$'000	FY2006	FY2007	FY2008	1H2009	FP2009
Acquisition[1]					
Investment properties	—	2,412	229	—	—
Leasehold land	—	5,557	—	—	—
Leasehold properties	109	378	—	83	83
Furnitures, equipment and electrical fittings	224	237	190	110	159
Plant and machinery	7,598	5,044	27,234[2]	1,901	2,047
Motor vehicles	1,600	399	620	287	403
Assets under construction	—	268	—	—	—
	9,531	14,295	28,273	2,381	2,692

S$'000	FY2006	FY2007	FY2008	1H2009	FP2009
Divestment[1]					
Investment properties	4,814	2,039	110	83	83
Leasehold land	—	—	—	—	—
Leasehold properties	—	—	291	—	—
Furnitures, equipment and electrical fittings	330	620	127	96	96
Plant and machinery	671	6,432	205	53	53
Motor vehicles	1,390	969	285	792	792
Assets under construction	—	—	—	—	—
	7,205	10,060	1,018	1,024	1,024

Notes:

(1) These relate to the cost of property, plant and equipment acquired/disposed of during the respective financial years/periods.

(2) The increase in plant and machinery in FY2008 was mainly due to our acquisition of the Peri formwork for approximately S$24.5 million, which was used in the Sentosa Integrated Resorts project. Upon the completion of the Sentosa Integrated Resorts project, the formwork can be used for subsequent projects to be undertaken by our Group.

The above capital expenditures were financed by internally generated funds and borrowings.

Save as disclosed above and in the section "Restructuring Exercise" of this Prospectus, we do not have any other material expenditure or divestments of capital investment (including interest in another corporation) in the last three financial years ended 31 December 2008, the six-month period ended 30 June 2009 and the nine-month period ended 30 September 2009. Subsequent to FP2009 and up to 31 December 2009, we have acquired approximately S$115,000 of plant and machinery.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies for the last three financial years from FY2006 to FY2008. Please refer to Annex F and Annex G of this Prospectus for details of our Group's accounting policies.

PROSPECTS

Construction

The Singapore construction industry is generally linked to the economic growth of Singapore. Despite the global downturn that has affected the Singapore economy since the third quarter of 2008, the recent recovery of the global economy and the Singapore Government's efforts to stimulate the economy with increased spending on public projects should drive the demand in the Singapore construction industry.

While the Singapore economy contracted by 2.0% in 2009, the construction sector expanded by 16.0% [(1)]. The Ministry of Trade and Industry expects the Singapore economy to grow at 4.5% to 6.5% in 2010[(1)], on the back of major economies around the world emerging from recession, stabilization of financial markets as well as stronger trade flows and industrial production. Given the government's on-going drive to transform Singapore into a leading global city, improvements to the planning of land use for housing and infrastructure development will be implemented over the next few years[(2)(3)]. Further, in January 2009, the Singapore Government announced a S$20.5 billion stimulus package plan whereby it will be spending S$4.4 billion on public works such as infrastructure projects, rejuvenating matured public housing estates and upgrading education and health infrastructure[(4)]. Therefore, the construction industry continues to be well-supported by the upcoming public housing and infrastructure projects.

With public sector projects leading new construction works in 2010, the total construction demand is projected to reach between S$21 billion and S$27 billion, of which public sector construction demand is expected to reach between S$14 billion and S$17.9 billion[(5)]. According to the BCA, the average annual construction demand for 2011 and 2012 is projected to range between S$18 billion and S$25 billion[(5)]. The public sector construction demand is likely to reach between S$10 billion and S$14 billion a year in 2011 and 2012, with 45% of it coming from building projects while the remaining 55% is expected to be driven by civil engineering projects. The number of large projects which are already underway, and the continued strong public sector construction demand, are expected to continue to generate a sustained level of construction activities over the next two to three years. Taking into account the above, our Directors are confident of our Group's growth potential as we believe that, barring any unforeseen circumstances, our construction business will benefit from the following:

(a) Implementation of long-term infrastructure projects to support Singapore's development

The Singapore Government has earlier unveiled plans to improve the land transport system in Singapore to support the country's economic growth in the long run.

(i) Expansion of the Rapid Transit System ("RTS") network

According to the Land Transport Authority's ("LTA") Master Plan, the Singapore Government plans to invest approximately S$54 billion to double the RTS network to 278 km by 2020 from 138 km today[(6)]. By achieving this, Singapore's RTS density will be comparable to that in cities like New York and London, and surpassing that in Hong Kong and Tokyo[(6)].

The Singapore Government has unveiled plans for the construction of the Downtown Line which is currently on-going, the Thomson Line and the Eastern Region Line, and extensions to the existing East-West Line and North-South Line. These new lines will cost the Singapore Government S$20 billion, in addition to the S$20 billion which the Singapore Government has committed for the on-going Boon Lay Extension, the Circle Line and the Downtown Line.

In this connection, we have recently secured, through a joint venture with GS Engineering & Construction Corporation, a contract to design and construct the stations and tunnels at Hillview and Cashew for stage 2 of the Downtown Line worth approximately S$430.5 million. This project will put our Group in good stead in securing future similar projects. We intend to submit tenders for other projects in the future as and when they are open for tender.

(ii) Road developments in Singapore

Under the LTA Master Plan, LTA will continue to build new road infrastructure to cater to the travel demands of new employment areas and residential centres. This includes the construction of the 21-km North-South Expressway at an estimated cost of S$7 - S$8 billion by 2020. The Singapore Government will also make improvements to major roads leading out from the central to the east and west regions, including upgrading works to expand capacity on roads(6).

(b) Continued construction activities in private sector

Private sector construction demand is projected to be slightly more upbeat in 2010 amounting to between S$7.0 and S$9.1 billion, compared to approximately S$7.5 billion in 2009(5)(7). Private residential projects are also expected to increase gradually, in line with improved market sentiments. Between 2010 and 2013, approximately 45,518 private residential units are likely to be completed(8).

In 2010, the anticipated higher construction demand for commercial and institutional developments compared to 2009 should provide further support to the overall private sector construction demand. Based on URA estimates, approximately 993,000m^2 GFA of office space is likely to be completed between 2010 and 2013(8).

Despite the economic downturn in 2009, we managed to secure new projects for the construction of a wide spectrum of buildings, including private residential (The Wharf, worth S$87 million and Hundred Trees, worth S$121 million), commercial (Central Boulevard Office Building, worth S$584 million) and hotel (Hotel at Upper Pickering Street, worth S$129 million). These projects are expected to be completed in the next two to three years. With our established track record, we are well-positioned to continue tapping on the private sector construction demand.

Notes:

(1) Source: Ministry of Trade and Industry's press release dated 19 February 2010 and entitled "MTI Revises 2010 Growth Forecast to 4.5 to 6.5%". The Ministry of Trade and Industry has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(2) Source: Ministry of Finance — Economic Strategies Committee's report dated 1 February 2010 and entitled "Making Singapore a Leading Global City". The Ministry of Finance has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(3) Source: Ministry of Finance — Economic Strategies Committee's report dated 1 February 2010 and entitled "Maximising Value from Land as a Scarce Resource". The Minister of Finance has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and

Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(4) Adapted extract from the speech of Minister for Finance, Mr Tharman Shanmugaratnam dated 22 January 2009 and entitled "Budget Speech 2009, Keeping Jobs, Building for the Future". The Minister for Finance has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(5) Source: BCA's media release dated 13 January 2010 and entitled "Public Sector Projects Boost Construction Demand Outlook in 2010". The BCA has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(6) Source: LTA Master Plan from its website www.lta.gov.sg. LTA has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(7) Source: BCA statistical report entitled "Forecast and actual construction demand" found in (www.bca.gov.sg/keyconstructioninfo/others/free_stats.pdf) as extracted on 17 February 2010. The BCA has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(8) Source: URA's news release dated 22 January 2010 and entitled "Release of 4th quarter 2009 Real Estate Statistics". URA has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

Property Development in the PRC

Our Directors believe that, barring any unforeseen circumstances, our property development business in the PRC will benefit from the following:

(a) Increased urbanisation of the PRC

Due to strong economic growth in the PRC, the local urban population has been steadily growing over the years. According to the China Statistical Yearbook 2008[(1)], the urbanisation rate rose to approximately 45.7% as at end of 2008 from approximately 36.2% in 2000. The rapid rate of urbanisation is expected to drive the demand for real estate properties in the PRC in the second- and third-tier cities as people move from rural areas to nearby cities.

(b) Increased purchasing power for real estate in the PRC

The rapid economic growth of the PRC has resulted in a significant improvement in the level of disposable income for urban households. According to the National Bureau of Statistics of China[(2)], the per capita annual disposable income of urban households has increased to approximately RMB17,175 in 2009 from about RMB6,280 in 2000. We price our residential developments at a level to target the mid-tier market in PRC as we believe that we can benefit from the higher disposable income of urban dwellers in the PRC.

(c) Development of the Bohai Economic Rim and in particular, the Tianjin Binhai New Area ("TBNA")

The Bohai Economic Rim is developing rapidly and has become one of the main economic zones of the PRC. The land area of the Bohai Economic Rim is approximately 1.12 million square kilometres, and the population is approximately 260 million. Within this region, there are 13 cities that have urban population exceeding one million(3). The total production output of the area accounted for more than a quarter of the GDP of the PRC in 2006.

The centre of this rim is the Tianjin Binhai New Area ("TBNA"), which is one of the most important areas in the PRC's 11th five-year plan for National Economy and Social Development. TBNA is in the same league as the Shenzhen Special Economic Zone in the 1980s and the Shanghai Pudong New Area in the 1990s, and it is anticipated that TBNA will be "China's third economic engine" and the "new growth pole" of North China(4).

We have positioned ourselves strategically to take advantage of the TBNA's promising potential by securing projects in the Tianjin eco-city and Dagang area. We will be undertaking property development of residential and commercial units in these projects as these projects are expected to attract more people to work and live in Tianjin.

Notes:

(1) Source: China Statistical Yearbook 2008. The National Bureau of Statistics of China, which compiled the China Statistical Yearbook 2008, has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(2) Source: National Bureau of Statistics of China, (www.stats.gov.cn), main statistical data in 2009. National Bureau of Statistics of China has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(3) Source: Paper entitled “Study on the Labour Cooperation of Bohai Rim Region” which was published by School of Management, Wuhan University of Technology, Wuhan. The School of Management, Wuhan University of Technology has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(4) Source: Paper entitled “Tianjin Binhai New Area: Process, Problems and Prospects” which was published by East Asian Institute of National University of Singapore. The East Asian Institute of National University of Singapore has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

TRENDS

Based on our Directors’ knowledge and experience of the industry, our Directors have observed the following trends:

Construction

Our Directors are of the view that the Singapore construction industry will continue to see an uptrend due to increase in the demand for construction services, particularly in the public sector. Please refer to the section entitled “Prospects, Trends, Business Strategies and Future Plans — Prospects” of this Prospectus for more information and details on the outlook for the Singapore construction industry.

Further, sub-contracting costs, raw material prices and labour costs have stabilised since the global economic slowdown. While the global economy is experiencing some recovery, costs are expected to remain stable or increase slightly for the coming periods. Notwithstanding this, in the event that such costs increase, our Directors are of the view that our Group is well positioned to deal with this as we have, in the past, taken measures to deal with cost increases by providing for certain material costs fluctuations in our contracts with our customers.

The Singapore Government’s recent initiative to increase productivity in the construction industry has resulted in the implementation of some measures such as increasing foreign workers’ levy over the next three years. This will increase our cost of construction if productivity is not increased. Given that our Group has been actively investing in and using technologies such as pre-casting and advanced formwork systems which reduce the labour required and increase cost efficiencies, our Directors are of the view that our Group’s financial performance will not be significantly affected by the increase in foreign workers’ levy going forward. Please refer to the section entitled “General Information On Our Group — Our Business” of this Prospectus for more information and details on the pre-casting and advanced formwork systems.

Property Development in the PRC

Our Directors are of the view that the price of residential units in Tianjin is likely to increase due to a sustained demand in 2010 and in the near medium term. In the first two months of the fourth quarter of 2009, the total transacted residential area in Tianjin reached 2.33 million m^2, and the average price increased from RMB 9,421 per m^2 in the third quarter of 2009 to RMB 9,616 per m^2 in the fourth quarter of 2009[1]. The TBNA remained the most active housing transaction area in Tianjin, with volume increasing 27.6% from the third quarter of 2009 to 686,012 m^2 in the fourth quarter of 2009[1].

The current outlook for commercial units is more measured compared to residential units[1]. In 2009, the growth rate in floor space sold of commercial buildings for the entire Tianjin grew by 27%, compared to 77% in Beijing and 61.9% in Jiangsu province[2]. Therefore, our Directors are of the view that the price trend for commercial units is expected to remain stable as demand for commercial units in Tianjin is projected to remain relatively constant in 2010.

Given the PRC government's current focus and initiatives to develop the second- and third-tier cities beyond the first-tier cities like Beijing and Shanghai, our Directors are of the view that price trends for residential and commercial units in second- and third-tier cities such as Cangzhou and Yangzhou are likely to remain constant or increase in 2010 and the near medium term.

Since the beginning of 2010, our Group has observed a slight increase in the prices of steel, concrete and aluminium. There has also been an increase in land prices for the second- and third-tier cities. Nonetheless, the overall demand for raw materials for construction in the PRC is expected to remain relatively stable in 2010.Our Directors are of the view that construction costs for our property development business are likely to remain stable in the foreseeable future.

Notes:

(1) Source: DTZ Research Report entitled "Property Times in Tianjin Q42009". DTZ has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

(2) Source: China Statistical Yearbook 2009. The National Bureau of Statistics of China, which compiled the China Statistical Yearbook 2009, has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act (Cap 289) of Singapore. While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper context and form, we have not independently verified the accuracy of the relevant information.

Save as disclosed above and in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus, our Directors are not aware of any other known recent trends in production, sales and inventory, the costs and selling prices of our products or other trends, uncertainties, demands, commitments or events that are likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus not to be indicative of our future operating results or financial condition.

OUR ORDER BOOK

As at the Latest Practicable Date, our order book for construction and civil engineering projects based on secured contracts amounted to approximately S$953.0 million. This comprised our share of approximately S$241.5 million[1] in contract value for the Marina Bay Financial Centre project (commercial component), the Central Boulevard Office Building Phase 2 project (Commercial Tower 3) and the Sentosa Integrated Resorts project and our share of approximately S$129.1 million[1] in the Contract 913 project. Barring unforeseen circumstances, we expect a majority of the orders to be fulfilled over the next 12 to 30 months. As we recognise our revenue from our construction projects based on the percentage-of-completion method, our order book excludes the value of completed works which have already been recognised as revenue.

Due to the nature of our property development business, we do not have an order book for this business segment.

Note:

(1) These being projects with our joint venture partners. Our share in the joint ventures will be equity accounted into our Group's results.

BUSINESS STRATEGIES AND FUTURE PLANS

Increase construction business activities in core markets

As Singapore will remain our core market for construction and civil engineering activities, we will continue to bid for a wide spectrum of projects in Singapore. The scale of our projects have also increased in recent years and we intend to continue to focus on larger-scale projects. With our established track record, we believe that we are well-positioned to secure large-scale projects in both the public and private sectors.

We recognise the importance of maintaining a good customer base and good working relationships with our customers. As such, we intend to leverage on our established track record to secure repeat business from major developers and government bodies, as well as referrals for new businesses. We also intend to enhance our services provided to our customers by working with our customers to provide alternatives to reduce costs and refine specifications according to their needs so that we can differentiate ourselves from our competitors as a solution provider rather than just a service provider. This helps us to become the "preferred" partner of our customers and enhances our chances of securing projects from reputable customers which will boost our reputation and bring about more customers.

Establish a pre-cast factory

The use of pre-cast construction is now widely regarded as an economic, structurally sound and architecturally versatile form of construction. It shortens the construction time required and reduces labour work without compromising the quality. By adopting the pre-casting methodology instead of casting concrete on the exact location required, it reduces the amount of time required to complete one floor of the building by approximately half. Since 1995, we have been conducting pre-cast activities at our construction worksite. As of January 2008, we also undertake pre-casting on a piece of land at Tuas South Avenue 1 which we acquired in 2007. With the pre-casting done off-site, labour is only required for installation at the required locations on-site, which is less labour intensive than casting concrete for the various concrete panels. Further, the finishing of the pre-cast concrete is better than casting concrete on-site and requires less touching up which in turn helps to reduce manpower required. To further reduce the labour content in our construction work process, we intend to increase our pre-casting activities by building a factory on the site at Tuas South Avenue 1, which has a gross area of approximately 14,000m^2, to undertake pre-casting work. This dedicated factory will allow pre-casting to be done off-site under sheltered conditions so that there will be no disruptions due to weather conditions. Conducting pre-casting off-site under a factory-controlled environment by skilled labour also produces better finishing and consistently higher quality products. On the other hand, the quality derived from casting concrete on-site is largely dependent on the workmanship of the labourer and the working environment.

We also intend to equip the pre-cast factory with automation to increase productivity. The automation will relate mainly to mould-making, casting of concrete, compacting of the concrete and surface cleaning of the mould. We expect such automation to reduce the labour required for each construction project by approximately 50% to 70%. Currently, our pre-casting services are mainly for our internal use. With the pre-cast factory, we will also be able to increase pre-casting services for projects undertaken by other contractors and grow our revenue from such services. In the long run, we also aim to deploy this portable technology in overseas markets where human resources are scarce. We have submitted the design plans for the pre-cast factory to the relevant authorities in August 2009 and we expect to commence construction after all relevant approvals have been obtained. Subject to the receipt of such approvals, we expect the pre-cast factory to be ready around end-2011.

As at the Latest Practicable Date, we have spent approximately S$5.5 million to acquire the site. We intend to utilise S$20.0 million, approximately 37.8% of the Invitation proceeds to construct the pre-cast factory and equip it with automation. In the event that the allocated proceeds are insufficient, we will finance such shortfall through internal cash flow and/or bank borrowings.

Expand our business through joint ventures and/or strategic alliances

Over the years, our Group has grown by acquiring expertise and building track record through joint ventures with various partners. For example, through our joint venture with Samsung which specialises in building and civil engineering construction, we have enhanced our track record for constructing office buildings. Similarly, through our joint venture with Kajima Overseas Asia Pte Ltd, which specialises in building high-rise, luxurious residential and commercial buildings, we have gained the capability to construct luxurious hotel developments with our St Regis Hotel and Residential Development project and the Sentosa Integrated Resorts project. Through the strategy of forming joint ventures, we have gained the capability to secure a wider spectrum of projects of higher values. For property development in the PRC, we have local partners who have the expertise and relationships. We intend to continue to expand our business through joint ventures and/or strategic alliances. We believe that this strategy will help to expand our Group's network and provide our Group with opportunities to learn from our partners in terms of construction excellence and management styles. We believe that suitable joint ventures and/or strategic alliances will give us access to new markets and prospective customers as well as new business opportunities.

Acquire construction equipment and machinery to support our projects

To support our construction business, we have, over the years, invested in equipment and machinery required for construction projects such as cranes and this has helped to manage costs in times of increasing equipment and machinery rental costs. It also helps to ensure the availability of resources to meet the demands and needs of our customers. As these are long term investments which translate into cost savings for us in the long run and enable us to provide dependable service to our customers, we intend to continue with this strategy.

Seek further opportunities in property development in the PRC

Currently, we have developed properties in Tianjin and certain cities in Jiangsu province. Being a niche player in the second- and third-tier cities in the PRC, we intend to continue to focus on actively acquiring land use rights for the development of residential and commercial properties. We are currently evaluating a few new sites for development but no firm plans have been made as at the Latest Practicable Date.

We intend to utilise S$17.0 million, approximately 32.1% of the Invitation proceeds, for the above purpose.

DIRECTORS

Our board of Directors is entrusted with responsibility for the overall management of our Group. Our Directors' particulars are as follows:

Name	Age	Address	Principal Occupation
Pek Ah Tuan(1)	84	8 Second Avenue Singapore 266658	Non-Executive Chairman
Pek Lian Guan(1)	44	8 Second Avenue Singapore 266658	Executive Director and CEO
Pay Sim Tee(1)	58	59 Jalan Binchang Singapore 578549	Executive Director
Lee It Hoe	67	24 Coronation Road Singapore 269433	Non-Executive Director
Ong Lay Khiam	61	132 Tamarind Road Singapore 806079	Independent Director
Ang Peng Koon, Patrick	45	7 Namly Garden Singapore 267336	Independent Director

Note:

(1) Our Non-Executive Chairman, Pek Ah Tuan, is the father of our Executive Director and CEO, Pek Lian Guan and the uncle of our Executive Director, Pay Sim Tee.

The business and working experience and areas of responsibility of our Directors are set out below:

Mr Pek Ah Tuan is our Non-Executive Chairman and also one of the founders of our Group. Mr Pek has been the managing director of Tiong Seng Contractors, a major subsidiary of our Group, since 1964. Mr Pek has approximately 50 years of experience in major earthwork, road and bridge construction, civil engineering and building work, property development and entrepreneurial activities in Singapore, the PRC, Socialist Republic of Vietnam and Lao PDR. 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 Lao PDR, Papua New Guinea and the PRC in the earlier years, he helped to establish a foothold for our Group in the overseas markets in 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 is Executive Director and CEO. He started work at Tiong Seng Contractors after his graduation and was engaged as a site engineer involved in the day-to-day project management of construction projects from 1990 to 1993. In 1993, he was appointed as a director of Tiong Seng Contractors and became the Deputy Managing Director in 1997. Mr Pek Lian Guan has approximately 20 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the PRC, Socialist Republic of Vietnam, Lao PDR and India. It was under his leadership that our Group increased our business opportunities and activities in the overseas markets. He has also led our Group to win numerous awards, such as the ISO 9001 certificate since 1995, Singapore Quality Class recognition since 2002, Best Contractor Award by SCAL in 2003, and Best Practice Award by the BCA in 2004. Besides his appointment in our Group, Mr Pek is well recognised in the construction industry for his business acumen, leadership qualities and entrepreneurial experience and is currently a board member of the BCA and the Singapore Green Building Council. He is also a member of the board of governance of the UOB-SMU Entrepreneurship Alliance Centre.

Mr Pek Lian Guan holds a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom.

Mr Pay Sim Tee is an Executive Director of our Company. He first started his career in the construction industry as an on-site supervisor at Tiong Seng Contractors from 1977 to 1979. He was subsequently promoted to project manager in Tiong Seng Contractors in 1979. In 1989, he became a director of Tiong Seng Contractors and is primarily in charge of the road construction projects in PNG jointly with our Executive Officer, Head of Asset Management, Mr Pek Dien Kee. 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 Lao PDR. He is also in charge of property development and human resource. In addition, he also manages most of our project portfolios in the PRC.

Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1980.

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

Mr Lee It Hoe obtained a Diploma in Building Construction from Singapore Polytechnic in 1968.

Mr Ong Lay Khiam is our Lead Independent Director and was appointed to our board of Directors on 24 February 2010. Mr Ong 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 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 Ang Peng Koon, Patrick is our Independent Director and was appointed to our board of Directors on 24 February 2010. Mr Ang is the Deputy Managing Partner of one of the largest law firms in

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

Mr Ang holds a Bachelor of Law (2nd Upper Division Honours) from the National University of Singapore.

The list of present and past directorships of each of our Directors held in the five years preceding the date of this Prospectus can be found in the section entitled "General and Statutory Information" of this Prospectus.

Pursuant to Rule 210(5)(a) of the Listing Manual, save for Mr Ong Lay Khiam, our Directors do not have prior experience as directors of any public listed company in Singapore. However, they have undertaken relevant training in Singapore to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore. Such training included a briefing conducted by Shook Lin & Bok LLP in December 2009 and a seminar co-organised by the SGX-ST and the Singapore Institute of Directors in October 2009.

MANAGEMENT

Our Directors are assisted by a team of experienced and qualified Executive Officers who are responsible for the various functions of our Group. The particulars of our Executive Officers are as follows:

Name	**Age**	**Address**	**Principal Occupation**
Pek Dien Kee(1)	55	39 Jalan Ikan Merah Singapore 578068	Head of Asset Management
Pay Teow Heng(2)	42	10 Aroozoo Avenue Singapore 539823	Project Director

Name	Age	Address	Principal Occupation
Andrew Khng	49	6 Shangri-La Close Singapore 568250	Head of Administration
Choo Hong Chun	39	51, Lucky Heights Singapore 467605	Financial Controller
Ong Chun Tiong(3)	36	Blk 210 Bishan Street 23 #13-351 Singapore 570207	General Manager (Tianjin, PRC)
Bao Jian Feng	56	Room 304, Building 1, No. 7, Kongfusi Lane, Canglang District, Suzhou City, Jiangsu Province, PRC (江苏省苏州市沧浪区 孔付司巷7号1幢304室)	General Manager (Jiangsu, PRC)

Notes:

(1) Our Head of Asset Management, Pek Dien Kee, is the son of our Non-Executive Chairman, Pek Ah Tuan, the brother of our Executive Director and CEO, Pek Lian Guan, cousin of our Executive Director, Pay Sim Tee, and our Project Director, Pay Teow Heng, and the uncle of our General Manager (PRC), Ong Chun Tiong.

(2) Our Project Director, Pay Teow Heng, is the nephew of our Non-Executive Chairman, Pek Ah Tuan, the cousin of our Executive Director and CEO Pek Lian Guan and Executive Director, Pay Sim Tee and our Head of Asset Management, Pek Dien Kee and the uncle of our Executive Officer, Ong Chun Tiong.

(3) Our General Manager, who is in charge of our subsidiaries in Tianjin, PRC, Ong Chun Tiong, is the grandson of our Non-Executive Chairman, Pek Ah Tuan, the nephew of our Executive Director and CEO, Pek Lian Guan, Executive Director, Pay Sim Tee, Project Director, Pay Teow Heng, and Head of Asset Management, Pek Dien Kee.

The business and working experience and areas of responsibility of our Executive Officers are set out below:

Mr Pek Dien Kee is the Head of Asset Management of our Company and has been with our Group since 1975. He is in charge of the Procurement Department and his job scope includes approving the purchase of project work materials and services, conducting periodic evaluations of and selecting competent suppliers for our projects. In addition, he is also in charge of the Procurement Department of our subsidiary in PNG, TSC (PNG). He first started work in Tiong Seng Contractors as an on-site supervisor of projects to ensure that operations went smoothly. He was also in charge of our workshop at Fan Yoong Road which maintains and upkeep the plant and equipment for Tiong Seng Contractors. As such, he took charge of the purchases of the required plant and equipment for the workshop to support various project worksites, both for local and overseas projects. Since 1989, he has been involved in the management of PNG's road construction projects with our Executive Director, Mr Pay Sim Tee. In 1991, he was appointed as a director of Tiong Seng Contractors.

Mr Pek studied in the Chinese High School and obtained a GCE O Level Certificate in 1970.

Mr Pay Teow Heng is the Project Director of our Company and has 18 years of experience in administration, coordination and managing of building construction and civil engineering projects in Singapore. He was previously in charge of the Purchasing and Information Systems Department and now takes charge of projects and oversees the various kinds of construction projects that Tiong Seng Contractors undertake in Singapore, from civil engineering to the construction of buildings. His current job scope also includes the management of the tender process for projects. Accordingly, based on our overall management direction, he tries to secure the most suitable projects for our Group and sees them through to their completion. He first joined our Group as a project engineer in Tiong Seng Contractors in 1992. In 1993, he became a project manager in Tiong Seng Contractors and was subsequently promoted to a director in 1998.

Mr Pay Teow Heng holds a Bachelor of Civil Engineering (Hons) from Loughborough University of Technology, United Kingdom.

Mr Andrew Khng is the Head of Administration of our Company and is in charge of general corporate matters for our Group. He has been with our Group since 1981. Prior to joining our Group in 1981, Mr Khng was placed on a rotational basis through various supervisory roles in our Group. When he officially joined our Group, he was responsible for site management and managing construction activities. To date, Mr Khng has 16 years of experience in administration, coordination and managing of civil engineering and building construction projects in Singapore. He has also undertaken overseas projects in India. He currently sits on the board of various companies outside our Group, some of which include Singapore Mongolia Investment Corporation Pte Ltd and Singapore Contractors Association Limited. As of June 2009, Mr Khng is also the president of Singapore Contractors Association Limited.

Mr Khng graduated from the National Productivity Board in 1993 with a Diploma in Business Efficiency and Productivity (Business Administration) and further obtained an Advance Diploma in Business Management from the University of Bradford (MDIS) in 1997.

Mr Choo Hong Chun has been our Financial Controller since May 2007 and his responsibilities include managing all financial, accounting, tax and banking matters for our Group. Mr Choo started his career with Deloitte & Touche, a certified public accountant firm as an Audit Assistant in May 1994 before he joined another certified public accountant firm, KPMG, in January 2001 as an Audit Manager. He first joined our Group in October 2003 as a Finance Manager. At that time, his responsibilities included day-to-day accounting and finance activities, treasury and cashflow management, credit controls and account receivable management, liaising with auditors, bankers, consultants and tax agents, and providing value added financial advice. Thereafter, Mr Choo served as the Financial Controller of Teckwah Industrial Corporation Limited, a company listed on the SGX-ST, from December 2006 to May 2007.

Mr Choo graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. In addition, he has been a Certified Public Accountant recognised by the Institute of Certified Public Accountants of Singapore since 1998.

Mr Ong Chun Tiong has been the General Manager of our Group for our subsidiaries in Tianjin, PRC, since 2004. He joined our Group in 1998 after graduation 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 further obtained a Master of Science in Project Management from the National University of Singapore.

Mr Bao Jian Feng has been the General Manager of our Group for our subsidiaries in the Jiangsu Province, PRC, since 1996 and is mainly in charge of Suzhou Huisheng and Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. In the early stages of his career, he was a platoon leader and secretary of a section of the PRC army. In December 1972, he then joined Suzhou No. 2 Electrical Appliance Factory (苏州电器二厂) (now known as Suzhou Low-voltage Apparatus Factory (苏州低压电器厂)) as an electrical engineer and was promoted to the head of the factory in 1983. During the period from December 1986 to January 1994, Mr Bao was the head of several factories, some of which included the Suzhou Camera General Factory (苏州照相机总厂) and Suzhou General Assembled Electric Equipment Factory (苏州电气成套设备总厂). Prior to joining our Group, 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 January 1994 to December 1996 where he was in charge of the general affairs of the company.

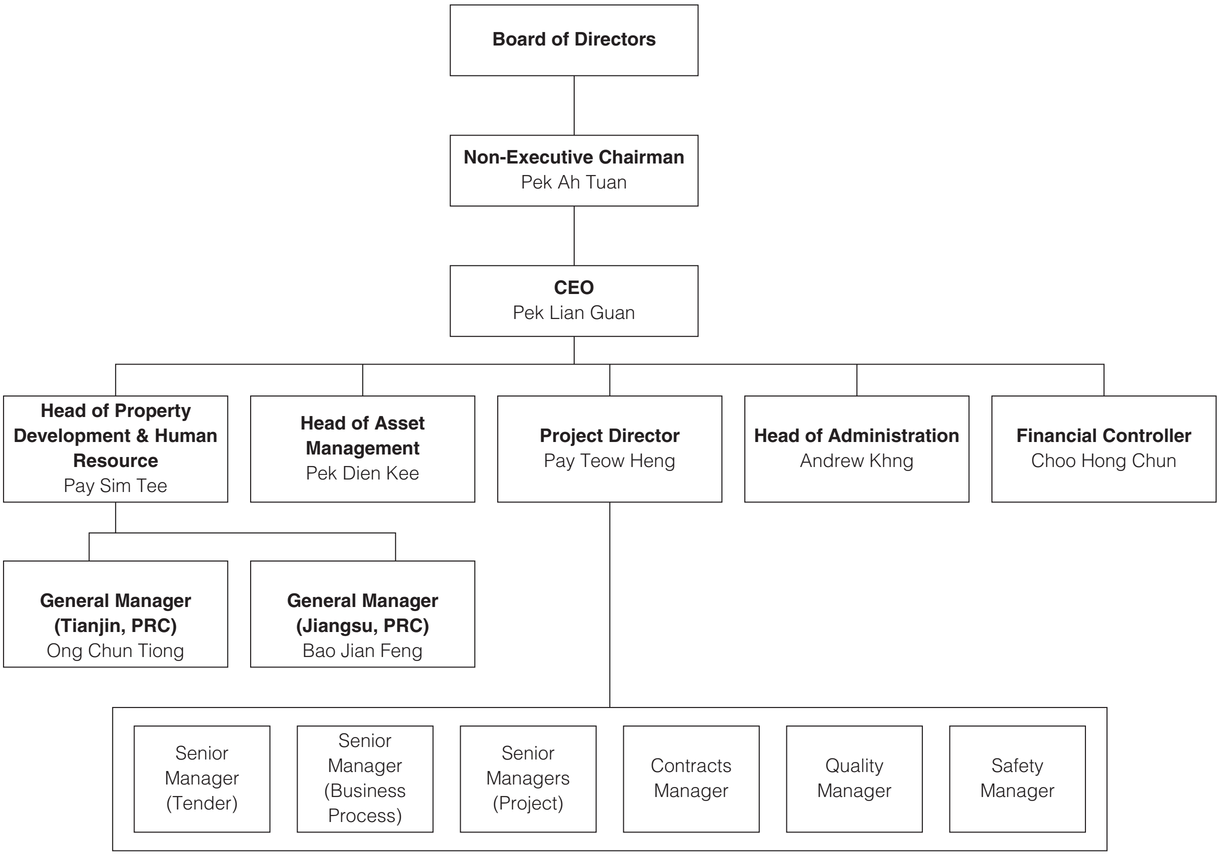
Mr Bao graduated from the Suzhou Economic Management Institute (苏州经济管理干部学院) in July 1989 with a Diploma in Economic Management.

The list of present and past directorships of each of our Executive Officers held in the last five years preceding the date of this Prospectus can be found in the section entitled "General and Statutory Information" of this Prospectus.

Save as disclosed above, none of our Directors and Executive Officers is related either by blood or by marriage to each other or to any Substantial Shareholder. To the best of our knowledge and belief, there are no arrangements or understandings with any of our Substantial Shareholders, customers, suppliers or others, pursuant to which any of our Directors and Executive Officers was appointed as our Director or Executive Officer.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:



STAFF

As at 31 December 2009, we have a total headcount of 688 employees. We do not experience any significant seasonal fluctuation in the number of our employees. The relationship and cooperation between our management and employees have always been good and this is expected to continue. There has not been any incidence of labour disputes which affected our operations. Our employees are not unionised and the number of temporary employees employed by us during the periods under review is insignificant.

Our Group's personnel structure by job functions and geographical segment as at the end of each of FY2006, FY2007, FY2008 and FY2009 is as follows:

Job Functions	FY2006	FY2007	FY2008	FY2009
Corporate Operation and Business Process Department	16	22	26	27
Finance Department	23	23	32	31
Administration Department	46	50	44	40
Contracts Department	32	34	47	47
Purchasing/Workshop /Storage Department	83	83	70	61
Projects Department	292	382	419	459
Management	24	21	25	23
Total number of employees	**516**	**615**	**663**	**688**

Geographical Location	FY2006	FY2007	FY2008	FY2009
Singapore	221	300	332	383
PRC	77	95	177	158
India(1)	29	2	0	0
Lao PDR(2)	66	66	11	4
PNG	123	152	143	143
Total number of employees	**516**	**615**	**663**	**688**

Notes:

(1) The decrease in the number of employees in India was because our Group did not undertake new projects in India in FY2007. In FY2008, we divested our subsidiary in India and we no longer have operations in India.

(2) The decrease in the number of employees in Lao PDR was because we intend to wind up our Lao PDR subsidiary in the near future. As such, the activities and headcount of the Lao PDR subsidiary was scaled down significantly.

The increase in total headcount in FY2007 from FY2006 was largely due to an increase in headcount in the Projects Department in Singapore and PNG. This increase in headcount was to support the higher level of construction activities in Singapore and PNG in FY2007. The increase in total headcount in FY2008 was largely due to increase in headcount in the Projects Department in Singapore and the PRC to support our overall higher business activities. Our total headcount in FY2009 increased from FY2008 largely due to an increase in headcount in the Projects Department in Singapore because of higher construction activities in Singapore.

Our Group has employed Mr Lim Geok Hwee ("Mr Lim") since 2 March 2009 as a manager in Tiong Seng Properties. His key responsibilities are to assist our management team in streamlining and strengthening our Group's property development business in the PRC. His scope of work includes reviewing the current workflow and suggesting improvements, recommending plans to grow our property business and co-ordinating activities to implement such plans. Mr Lim is not a director or an executive officer of any company within our Group. Between 1996 and February 2003, Mr Lim was the Chief Executive Officer of the property development arm of a public co-operative. He stepped down from the said position in 2003 as he was charged and convicted for criminal breach of trust in relation to misappropriation of funds. Prior to joining our Group, from 2006 to February 2009, Mr Lim worked as a manager in the property development arm of a company listed on the SGX-ST. The Board noted that Mr Lim has about 10 years of experience in property development, and had worked in large organisations and a SGX-listed company. Having reviewed and considered Mr Lim's track record, credentials and experience, as well as the job requirements of Mr Lim's position in our property development arm, our Board noted that Mr Lim possesses the relevant experience to perform his role in our Group. Currently, Mr Lim does not hold any positions which involve the operation and/or management of finances of our Company or our subsidiaries, nor does he undertake any responsibilities relating to the finance and accounting aspects of our Company or our subsidiaries. He will not be appointed to a position with such financial responsibilities.

COMPENSATION

The compensation paid or payable to each of our Directors and Executive Officers for services rendered to us in all capacities for FY2008, FY2009 and as estimated for FY2010 (excluding any profit sharing plan or any other profit-linked agreement(s)), in bands of $250,000 per annum(1), are as follows:

	FY2008	**FY2009**	**Estimated for FY2010**
Directors			
Pek Ah Tuan	Band II	Band II	Band II
Pek Lian Guan	Band II	Band II	Band II
Pay Sim Tee	Band II	Band II	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	Band II	Band II
Pay Teow Heng	Band II	Band II	Band II
Andrew Khng	Band II	Band II	Band II
Choo Hong Chun	Band I	Band I	Band I
Ong Chun Tiong	Band I	Band I	Band I
Bao Jian Feng	Band I	Band I	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.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Singapore, the PRC and PNG, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

RELATED EMPLOYEES

As at the Latest Practicable Date, other than our Directors and Executive Officers whose relationships with one another and remunerations are as disclosed above, there are three other employees who are related to our Directors and Substantial Shareholders who hold managerial positions and above in our Group. Their particulars are set out below:

Name	Position Held	Relationship with our Directors, Executive Officers and Substantial Shareholders
Pea Sin Hup	Director of LSC Limited	Nephew of our Non-Executive Chairman, Pek Ah Tuan, brother of our Executive Director Pay Sim Tee, cousin of our Executive Director and CEO, Pek Lian Guan and our Project Director, Pay Teow Heng, Head of Asset Management Pek Dien Kee and uncle of our General Manager who is in charge of our subsidiaries in Tianjin, PRC, Ong Chun Tiong
Pek Chik Lay	Business Process Manager of Tiong Seng Contractors	Grandson of our Non-Executive Chairman, Pek Ah Tuan, nephew of our Executive Director and CEO, Pek Lian Guan, Executive Director Pay Sim Tee, Project Director, Pay Teow Heng, Head of Asset Management, Pek Dien Kee and cousin of our General Manager who is in charge of our subsidiaries in Tianjin, PRC, Ong Chun Tiong
Peh Geok Soon	Deputy General Manager of Suzhou Huisheng	Grandnephew of our Non-Executive Chairman, Pek Ah Tuan, nephew of our Executive Director and CEO, Pek Lian Guan, Executive Director, Pay Sim Tee, Project Director, Pay Teow Heng, Head of Asset Management, Pek Dien Kee and cousin of our General Manager who is in charge of our subsidiaries in Tianjin, PRC, Ong Chun Tiong

For FY2008, FY2009 and as estimated for FY2010, these related employees mentioned above received or will receive an aggregate remuneration for services rendered in all capacities (excluding any profit sharing plan or any other profit-linked agreement(s)) of approximately S$270,000, S$280,000 and S$280,000 from our Group respectively. The basis of determining their remuneration is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of employees who are related to our Directors and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review.

SERVICE AGREEMENT

On 5 April 2010, our Company entered into a service agreement with our Executive Director and CEO, Mr Pek Lian Guan. The Service Agreement is valid for an initial period of three years with effect from the date of our admission of our Company to the SGX-ST. Upon the expiry of the initial period of three years, the employment of Mr Pek Lian Guan shall be automatically renewed for a further three years on the same terms unless either party notifies the other party by giving three months' written notice of its intention not to renew the employment.

During the initial period of three years, either party may terminate the Service Agreement by giving to the other party six months' written notice or in lieu of such notice an amount equivalent to three months' salary based on Mr Pek Lian Guan's last drawn monthly salary on a pro-rata basis. The Service Agreement may also be terminated by our Company forthwith upon notice in writing to Mr Pek Lian Guan if Mr Pek Lian Guan:

(i) becomes bankrupt or makes any arrangement or composition with his creditors generally;

(ii) is convicted of any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment;

(iii) is or may be suffering from a mental disorder; or

(iv) by reason of ill health or injury caused by his own default becomes unable to perform any of his duties under this Agreement for a period of 120 days or more.

In addition, at any time during the employment, our Company may terminate Mr Pek Lian Guan's employment with immediate effect if Mr Pek Lian Guan, in the reasonable opinion of the Board, shall:

(i) be guilty of any wilful misconduct in the discharge of his duties hereunder; or

(ii) breach any material provision of the Service Agreement.

Pursuant to the terms of the Service Agreement, Mr Pek Lian Guan will be entitled to receive a monthly salary of S$30,000. In addition to this monthly salary, Mr Pek Lian Guan shall also receive an annual incentive bonus ("Incentive Bonus") of a sum calculated based on the audited PBT (before deducting for such Incentive Bonus) of our Group, provided always that if the employment is for less than a full FY of our Group, the Incentive Bonus for that FY shall be apportioned in respect of the actual number of days of the employment on the basis of a 365-day financial year. Mr Pek Lian Guan shall not be entitled to any further remuneration by way of salary, annual wage supplement, benefits or compensation. The details of the Incentive Bonus are as follows:

PBT	**Incentive Bonus**
Where PBT is S$10 million or less	Nil
Where PBT is more than S$10 million but equal to or less than S$13 million	2%
Where PBT is more than S$13 million but equal to or less than S$17 million	3%
Where PBT is more than S$17 million but equal to or less than S$20 million	4%
Where PBT is more than S$20 million	5%

In addition, Mr Pek Lian Guan is entitled to the use of a car provided by our Company. The car and its related expenses will be paid for by our Company but the car will be registered in the name of Mr Pek

Lian Guan. Mr Pek Lian Guan will hold such car on trust for our Company. Also, all travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by him in the process of discharging his duty on our behalf will be borne by our Company.

Had the Service Agreement been in effect from 1 January 2008, the estimated remuneration for our CEO and Executive Director, Mr Pek Lian Guan, would have been approximately $0.6 million, and profit after taxation for FY2008 would have been approximately $7.4 million instead of approximately $7.8 million. Mr Pek Lian Guan's remuneration of $0.6 million represents approximately 5.4% of the PBT of our Group (with the aforesaid remuneration added back) in FY2008 had the Service Agreement been in effect for FY2008.

Save as disclosed above, there are no other existing or proposed service contracts between our Company and any Director. There is also no existing or proposed service agreement entered into or to be entered into by our Directors with our Group which provide for benefits upon termination of employment.

CORPORATE GOVERNANCE

Nominating Committee

Our Nominating Committee comprises our CEO and Executive Director, Mr Pek Lian Guan and our Independent Directors, Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick. The chairman of the Nominating Committee is Mr Ang Peng Koon, Patrick. Our Nominating Committee has been set up to be responsible for the nomination of Directors (including Independent Directors of our Company) taking into consideration each Director's contribution and performance. The Nominating Committee is also charged with the responsibility of determining annually whether a Director is independent.

Under our Articles of Association, at least one third of our Company's Directors are required to retire from office at every Annual General Meeting of our Company. Every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election.

Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance, independence or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises our Non-Executive Director, Mr Lee It Hoe and our Independent Directors, Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick. The chairman of the Remuneration Committee is Mr Ang Peng Koon, Patrick. Our Remuneration Committee will recommend to our board of Directors a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director and our Group's Executive Director and CEO, Mr Pek Lian Guan. The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire board of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses, options and benefits in kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of the employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scope and level of responsibility. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Audit Committee

Our Audit Committee comprises our Non-Executive Director, Mr Lee It Hoe and our Independent Directors, Mr Ang Peng Koon, Patrick and Mr Ong Lay Khiam. The chairman of the Audit Committee is Mr Ong Lay Khiam.

Our Audit Committee will assist our board of Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit Committee will provide a channel of communication between our board of Directors, our management and our external auditors on matters relating to audit.

The Audit Committee shall meet periodically and perform the following functions:

(a) 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;

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

(c) 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);

(d) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

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

(f) review our 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;

(g) 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;

(h) undertake such other reviews and projects as may be requested by our board of Directors, and report to our board of Directors its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

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

In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, our Directors shall abstain from voting in respect of any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly a personal material interest.

Our Audit Committee has considered the qualifications and past working experiences of Mr Choo Hong Chun (as described in the section entitled "Directors, Management and Staff − Executive Officers" of this Prospectus), as the basis for the view that Mr Choo Hong Chun is suitable to be our Financial Controller. Mr Choo Hong Chun has more than 15 years of experience in finance and accounting, including nine years of audit experience with Deloitte & Touche and KPMG. Mr Choo Hong Chun has been with our Group for about six years (save for a short six-month break when he joined a SGX-listed company as financial controller in 2006) and is thus familiar with our Group's business and our finance and accounting functions. Based on the interactions that our Audit Committee has had with Mr Choo Hong Chun in his capacity as our Financial Controller during the course of our preparation for this Invitation and the views of and feedback from our Executive Directors, our Audit Committee has not been made aware of any matter that would raise questions as to Mr Choo Hong Chun's suitability for the position of Financial Controller.

Apart from the duties listed above, our Audit Committee shall communicate to the board of Directors and review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating units and/or financial position.

Appointment of Governance Adviser

Our Company will also appoint a governance adviser for a period of two years after listing. The governance adviser's responsibilities broadly include advising the Board of Directors on the following areas:

(a) formulation and implementation of a robust framework of reporting and accountability;

(b) formulation and implementation of a robust and effective internal controls and risk management framework and system;

(c) good corporate governance and board governance practices and policies; and

(d) compliance with the listing rules provided in the Listing Manual and the guidelines provided in the Code of Corporate Governance.

Upon expiry of the two-year appointment of the governance adviser, the Board of Directors must satisfy itself that our Company's framework and practice of reporting and accountability, internal controls and risk management are robust and effective. The Board of Directors' views on whether it is satisfied with the matters in the above paragraphs and the steps taken to address any shortfalls will be disclosed in our annual reports.

BOARD PRACTICES

Term of office

The respective dates of commencement of the appointment of our Directors are as follows:

Name	Date of commencement
Pek Lian Guan	15 April 2008
Pek Ah Tuan	24 February 2010
Pay Sim Tee	24 February 2010

Name	Date of commencement
Lee It Hoe	24 February 2010
Ong Lay Khiam	24 February 2010
Ang Peng Koon, Patrick	24 February 2010

Pursuant to Section 153 of the Companies Act, no person of or over the age of 70 years shall be appointed or act as a director of a public company or of a subsidiary of a public company. Notwithstanding this, Mr Pek Ah Tuan may, by an ordinary resolution passed at an annual general meeting of our Company be appointed or re-appointed as a director of our Company to hold office or be authorised to continue in office as a director of Our Company, until the next annual general meeting of Our Company.

Our Directors have fixed terms of office. They are also subject to retirement by rotation in accordance with Articles 89 to 91 of our Articles of Association which have been extracted and set out in Annex A of this Prospectus.

We have also put in place a Nominating Committee, a Remuneration Committee and an Audit Committee. The details of the duties of the committees are set out in the section entitled "Directors, Management and Staff — Corporate Governance" of this Prospectus.

TIONG SENG SHARE AWARD SCHEME

We have implemented a share award scheme that will be in place after the Invitation known as the Tiong Seng Share Award Scheme (the "Award Scheme"). The following is a summary of the principal terms of the Award Scheme adopted by our Company at an extraordinary general meeting held on 31 March 2010 in conjunction with the listing of our Shares on the Official List of the SGX-ST. The terms and the rules of the Award Scheme are more particularly set out in Annex J of this Prospectus (the "Rules"), and are in compliance with Chapter 8 of the Listing Manual. Capitalised terms used in this summary which are not otherwise defined in this summary bear the same meaning as ascribed to it in the rules of the Award Scheme.

Purpose of the Award Scheme

The Award Scheme is a performance incentive scheme which will form an integral part of our Group's incentive compensation program.

The objectives of the Award Scheme are as follows:

(a) provide an opportunity for persons participating in the Award Scheme (the "Award Participants") to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long term prosperity of our Group and promoting organisational commitment, dedication and loyalty of Award Participants towards our Group;

(b) motivate Award Participants to strive towards performance excellence and to maintain a high level of contribution to our Group;

(c) give recognition to contributions made or to be made by Award Participants by introducing a variable component into their remuneration package; and

(d) make employee remuneration sufficiently competitive to recruit new Award Participants and/or to retain existing Award Participants whose contributions are important to the long term growth and profitability of our Group.

Eligibility

Any person shall be eligible to participate in the Award Scheme at the absolute discretion of the Remuneration Committee if at the Date of Grant:

(a) he shall be:

  (i) an Employee; or

  (ii) a Non-Executive Director;

(b) he shall have attained the age of twenty-one (21) years; and

(c) he shall not be an undischarged bankrupt.

Persons who are Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the Award Scheme.

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, which shall take into account:

(a) the financial performance of our Group;

(b) in respect of an Award Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of our Group; and

(c) in respect of an Award Participant being a Non-Executive Director, criteria such as his contribution to the success and development of our Group.

In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

Administration

The Award Scheme shall be administered by the Remuneration Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Remuneration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.

The Remuneration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Award Scheme) for the implementation and administration of the Award Scheme, to give effect to the provisions of the Award Scheme and/or to enhance the benefit of the Awards and the Released Awards to the Award Participants, as it may, in its absolute discretion, think fit.

Neither the Award Scheme nor the grant of Awards under the Award Scheme shall impose on our Company or the Remuneration Committee or any of its members any liability whatsoever in connection with:

(a) the lapsing of any Awards pursuant to any provision of the Award Scheme;

(b) the failure or refusal by the Remuneration Committee to exercise, or the exercise by the Remuneration Committee of, any discretion under the Award Scheme; and/or

(c) any decision or determination of the Remuneration Committee made pursuant to any provision of the Award Scheme.

Any decision of the Remuneration Committee made pursuant to any provision of the Award Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the Award Scheme or any rule, regulation, procedure thereunder or as to any rights under the Award Scheme).

Our Company shall bear the costs of establishing and administering the Award Scheme.

Maximum Entitlement

Subject to Rule 8 of the Rules of the Tiong Seng Share Award Scheme, the Remuneration Committee may grant Awards to Employees as the Remuneration Committee may select in its absolute discretion, at any time during the period when the Award Scheme is in force.

Size of Award Scheme

The aggregate number of Award 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 fifteen per cent (15%) of the issued Shares of our Company on the day preceding that date.

The number of existing Shares which may be purchased from the market for delivery pursuant to release of Awards granted under the Award Scheme, will not be subject to any limit. Alternatively, our Company may make a release of Awards in cash instead of Shares and Award Participants entitled to such Awards will receives in lieu of Shares, the aggregate market value of such Shares in cash. Such methods will not be subject to any limit as they do not involve the issue of any Award Shares.

Duration of the Award Scheme

The Award Scheme shall continue to be in operation at the discretion of the Remuneration Committee for a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Award Scheme may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Award Scheme may be terminated at any time by the Remuneration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required and if the Award Scheme is so terminated, no further Awards shall be granted by our Company.

The termination of the Award Scheme shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

The SGX-ST Requirements

While the Award Scheme is structured such that we have the discretion to make the appropriate allotments depending on the prevailing circumstances of our Company, the Award Scheme conforms with the requirements as set out in the Listing Manual for share schemes.

In-principle approval has been obtained from the SGX-ST for the listing and quotation of the Award Shares to be issued pursuant to the Award Scheme. This is not an indication of the merits of the Award Scheme or the Award Shares to be issued pursuant to the Award Scheme.

Details of the number of Award Shares granted, among others, will be disclosed in our annual report. For further details please refer to Annex J of this Prospectus entitled “Rules of the Tiong Seng Share Award Scheme”.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, the Directors or Controlling Shareholders of our Company or the Associates of such Directors or Controlling Shareholders) are known as interested person transactions. The following discussion sets out our material interested person transactions for the three most recent completed financial years and for the period thereafter up to the Latest Practicable Date, with the term "interested person" construed accordingly.

Save as disclosed below, none of our Directors or Controlling Shareholders or their Associates was or is interested in any material transactions undertaken by us within the financial years ended 31 December 2007, 2008 and 2009 and from the period 1 January 2010 up to the Latest Practicable Date.

Past Interested Person Transactions

(A) Transactions with the PTC Group (as defined below)

As PTC holds 46.7% of the shares of our controlling shareholder, Tiong Seng Shareholdings, PTC is deemed to be an associate of our Controlling Shareholder. As such, PTC and its wholly-owned subsidiaries, PTC Transport and PTC Leasing (collectively known as the "PTC Group"), are interested persons for the purposes of Chapter 9 of the Listing Manual and the SFR.

The PTC Group is primarily engaged in the rental of heavy machinery and the provision of a wide range of equipment-related services such as fabrication facilities, repair workshop, as well as heavy vehicle parking lots.

Our Group had, from time to time, entered into certain business transactions with the PTC Group. The details of such transactions for the three most recent completed financial years up to the Latest Practicable Date are as follows:

Transaction between our Group and the PTC Group	Value of transaction (FY2007) (S$'000)	Value of transaction (FY2008) (S$'000)	Value of transaction (FY2009) (S$'000)	Value of transaction (1 January 2010 to the Latest Practicable Date) (S$'000)
Lease of premises at 20 Tuas Crescent, from the PTC Group(1)	41	—	—	—
Provision of IT services to the PTC Group(2)	18	18	17	—
Servicing and maintenance of the PTC Group's vehicle fleet(3)	36	—	—	—
Loan interest paid and payable to the PTC Group	—	258	253	—

Notes:

(1) The lease agreement was entered into on 31 July 2002 and has been terminated as of 31 July 2007. The premises was used as an office and for production and storage purposes by Jetscan (Singapore).

(2) The provision of IT services to the PTC Group has been terminated as of 1 December 2009.

(3) Tiong Seng Contractors had performed servicing and maintenance on the vehicle fleet of the PTC Group for a sum of S$3,000 per month. This arrangement has ceased with effect from 31 December 2007.

As our Group did not obtain any alternative quotations for the above-mentioned transactions, they were not carried out on an arm's length basis. Our Group does not expect to enter into any transactions of the above nature with the PTC Group in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

(B) Sale of entire equity interest in Tiong Seng Contractors Private Limited to Tiong Seng Shareholdings

Tiong Seng Shareholdings is an investment holding company and owns approximately 80.0% of the entire equity interest in our Company before the Invitation. As such, Tiong Seng Shareholdings is our controlling shareholder and is an interested person for the purposes of Chapter 9 of the Listing Manual and the SFR.

On 24 July 2008, Tiong Seng Contractors entered into a sale and purchase agreement with Tiong Seng Shareholdings to sell the entire issued share capital of Tiong Seng Contractors Private Limited, an Indian subsidiary of our Group at that time, amounting to Rs 50,946,120 comprising 5,094,612 shares of Rs 10 each. The consideration of a nominal sum of S$1.00 was arrived at after taking into account the net book value of Tiong Seng Contractors Private Limited, which was at a net liabilities position of approximately S$3.1 million as at 31 December 2007.

The above transaction was carried out on a willing-seller willing-buyer basis. As our Group did not obtain a valuation report to determine the consideration, the above transaction was not carried out on an arm's length basis, and our Group does not expect to enter into any transactions of the above nature with Tiong Seng Shareholdings in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" in this Prospectus.

(C) Purchase of 40% of the equity interest in Chang De Investment by Tiong Seng Contractors

PTC owns approximately 91.8% of the shares in Solid Resources Holding. The shareholders of Solid Resources Holding are PTC (91.8%), Pek Ah Tuan (4%), Pay Teow Hock (1.4%), Pay Teow Seng (1.4%) and Pay Teow Heng (1.4%). As Solid Resources Holding holds 100% of the shares in Solid Resources Investments, Solid Resources Investments is an associate of PTC and is accordingly an interested person for the purposes of Chapter 9 of the Listing Manual and the SFR.

Pursuant to a sale and purchase agreement dated 18 March 2010, Tiong Seng Contractors acquired the remaining 40% of the entire issued share capital of Chang De Investment, comprising 400,000 ordinary shares, from Solid Resources Investments, for an aggregate consideration of approximately S$2.26 million. Consequent to this, Chang De Investment became a wholly-owned subsidiary of our Group.

The purchase consideration of S$2.26 million was arrived at after taking into consideration 40% of the NAV of Chang De Investment which amounted to S$5.64 million as at 30 June 2009. It was fully satisfied by the allotment and issue of 5,453 new shares in the capital of Tiong Seng

Contractors to PTC on 18 March 2010. The value of the new shares issued in Tiong Seng Contractors was based on the NAV of Tiong Seng Contractors which amounted to S$82.72 million as at 30 June 2009.

The above transaction was carried out on a willing-seller willing-buyer basis. As our Group did not obtain a valuation report to determine the consideration, the above transaction was not carried out on an arm's length basis, and our Group does not expect to enter into any transactions of the above nature with Solid Resources Investments in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

(D) Advances from Interested Persons

Advances from Xiamen Huicheng

As Xiamen Huicheng is a wholly-owned subsidiary of Solid Resources Investments, Xiamen Huicheng is an associate of PTC and is accordingly an interested person for the purposes of Chapter 9 of the Listing Manual and the SFR.

On 13 March 2006, Xiamen Huicheng provided a loan of RMB30.4 million to our PRC subsidiary, Tianjin Zizhulin, as working capital. The term of the loan was from 23 March 2006 to 21 August 2006 with an annual interest of 4%. The term of the loan was subsequently extended to 23 March 2007 and the annual interest was increased to 8%.

On 13 March 2006, Xiamen Huicheng also provided another loan of RMB26.8 million to Tianjin Zizhulin, as working capital. The term of the loan was from 23 March 2006 to 23 March 2007 with an annual interest of 10%.

Subsequently, Tianjin Zizhulin entered into a renewal of loan agreement with Xiamen Huicheng where the terms of both the abovementioned loans of an aggregate of RMB57.2 million were extended to 24 March 2008 with an annual interest of 8%. This was the largest outstanding amount for the last three financial years up to the Latest Practicable Date of the loans between Tianjin Zizhulin and Xiamen Huicheng.

During the period between October to December 2007, Tianjin Zizhulin repaid the sum of RMB15.4 million to Xiamen Huicheng. The parties then entered into a renewal of loan agreement on 23 March 2008 after a repayment of RMB10 million. Pursuant to this agreement, it was agreed that the term of the remaining loan amounting to RMB31.8 million would be extended to 31 March 2009 with an annual interest of 8%.

On 15 July 2008, the two parties entered into a termination of loan agreement whereby Tianjin Zizhulin repaid outstanding amounts under the abovementioned loans to Xiamen Huicheng.

We have been advised by our PRC counsels that according to PRC laws, inter-company loans are not in compliance with the General Provisions for Loans (贷款通则) promulgated by the People's Bank of China (中国人民银行) ("PBOC"). Notwithstanding this, our PRC counsels are of the view that our Group will not be subjected to any penalties or sanctions because our Group was the borrower in the loan transaction and not the lender.

As at the Latest Practicable Date, the loans owing to Xiamen Huicheng have been repaid entirely and our Directors believe that the above transactions were not carried out on an arm's length basis based on normal commercial terms because the loan was unsecured and the interest rate on the loan was not in accordance with the market rate at the time of the loan. Our Group does not expect to enter into any transactions of the above nature with Xiamen Huicheng in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

(E) Lease of office premises to Solid Resources Investments

From August 2003 to March 2008, Tiong Seng Contractors had leased the space of 51.2m^2 at 510 Thomson Road, #08-00, SLF Building, Singapore 298135, to Solid Resources Investments for its use as office premises at a rent of S$1,653.00 (excluding GST) per month. As at 1 April 2008, the rental space was reduced to 37.8m^2 at a rent of S$1,220.40 (excluding GST) per month. On 31 January 2009, the lease was terminated.

Our Directors believe that the above transaction was not carried out on an arm's length basis because the rental rate is below the prevailing market rental rates for similar properties. Our Group does not expect to enter into any transactions of the above nature with Solid Resources Investments in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

(F) Advances from PTC

On 3 June 2008, Tianjin Zizhulin Investment entered into a sale and purchase agreement for the land use rights of a piece of land for our property development in Dagang, PRC. As Tianjin Zizhulin Investment required funds for the said acquisition, PTC agreed to make available to Tiong Seng Contractors a loan facility of up to the principal amount of S$10.0 million. Tiong Seng Contractors then provided the money to Tianjin Zizhulin Investment for such purchase through Chang De Investment and Tianjin Zizhulin.

The loan facility was fully drawn down as of 4 June 2008 and the interest rate payable on such term loan was 4.5% per annum. As at the Latest Practicable Date, the loan and interest owing to PTC has been repaid entirely and there is no amount outstanding under this term loan.

In obtaining the advances from PTC, we have taken into account several factors, including loan quantum, interest rate, security arrangements, repayment terms and timeliness. Given that the loan obtained by PTC was unsecured and the interest rate on the loan was not in accordance with the market rate at the time of the loan, we are of the view that the transaction was not carried out on an arm's length basis but was not prejudicial to the interests of our Group and/or minority Shareholders. Our Group does not expect to enter into any transactions of the above nature with PTC in the future following our listing on the Official List of the SGX-ST.

(G) Subscription of shares in Tianjin Zizhulin Investment by Xiamen Huicheng

In December 2009, Xiamen Huicheng subscribed for 11.5% of the shares in Tianjin Zizhulin Investment at par value for an aggregate consideration of RMB13 million.

The above transaction was carried out on a willing-buyer willing-seller basis. As our Group did not obtain a valuation report to determine the consideration, the above transaction was not carried out on an arms' length basis. Our Group does not expect to enter into any transactions of the above nature with Xiamen Huicheng in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

On-going Interested Person Transactions

(A) Personal Guarantees given by our Directors and Executive Officers

As at the Latest Practicable Date, our Directors, Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, and our Executive Officers, Pek Dien Kee, Pay Teow Heng and Andrew Khng, have each provided personal guarantees for credit facilities granted to our Group, details of which are set out below:

Facilities	**Amount Guaranteed (S$'000)**	**Guarantee Provided By**
Performance guarantee	156,153	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Letter of credit, trust receipts, and banker's guarantee	3,000	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Overdraft facilities	31,000	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Overdraft facilities, banker's guarantee	500	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Term loans	24,036	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Revolving credit facilities	8,500	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Revolving credit facilities, letter of credit	9,000	Personal guarantees from Pek Ah Tuan, Pay Sim Tee, Pek Lian Guan, Pek Dien Kee, Pay Teow Heng and Andrew Khng
Hire purchase	194	Personal guarantees from Pek Dien Kee and Andrew Khng
Total	232,383	

The largest aggregate amount of credit facilities drawn down and guaranteed by the interested persons mentioned above during the relevant period was approximately S$30 million. As at the Latest Practicable Date, the aggregate amount of credit facilities drawn down and guaranteed by the interested persons was approximately S$30 million (excluding bankers' and performance guarantees).

As no fee was paid to the interested persons as mentioned above for the provision of the guarantees, the above arrangements were not carried out on an arm's length basis but were not prejudicial to the interests of our Group and/or minority Shareholders.

Following the admission of our Company to the Official List of the SGX-ST, we intend to request for the discharge of the above guarantees provided by Pek Ah Tuan, Pay Sim Tee, Pek Dien Kee, Pek Lian Guan, Pay Teow Heng and Andrew Khng and replace them with corporate guarantees provided by our Group. Our Directors and Executive Officers do not expect the revised terms and conditions of the credit facilities, following the discharge of the guarantees and the replacement with corporate guarantees by us, to have an adverse impact on our Group. In the event that the relevant financial institution does not agree to the release of the above guarantees, Pek Ah Tuan, Pay Sim Tee, Pek Dien Kee, Pek Lian Guan, Pay Teow Heng and Andrew Khng have each given an undertaking that they will not withdraw or revoke the guarantees provided by them and that the guarantees in favour of the relevant financial institution will remain.

(B) Transactions with the PTC Group

The details of such transactions for the three most recent completed financial years and up to the Latest Practicable Date are as follows:

Transaction between our Group and the PTC Group	**Value of transaction (FY2007) (S$'000)**	**Value of transaction (FY2008) (S$'000)**	**Value of transaction (FY2009) (S$'000)**	**Value of transaction (1 January 2010 to the Latest Practicable Date) (S$'000)**
Purchases of motor vehicles from the PTC Group[1]	76	—	—	—
Lease of equipment to the PTC Group[2]	25	5	—	—
Provision of rental of machinery and vehicle services by the PTC Group	2,361	3,161	2,303	66
Sales of motor vehicles to the PTC Group	28	—	—	—
Lease of heavy vehicle parking lots at No. 11, Tuas South Ave 1, from the PTC Group	21	44	182	50

Notes:

(1) From time to time, Tiong Seng Contractors purchases motor vehicles such as used tipper lorries and lorries with cranes from the PTC Group for the purposes of our construction business.

(2) From time to time, our Group leases equipment such as generators and water pumps to the PTC Group.

Based on the sample invoices billed to unrelated third parties by the PTC Group for certain common services, our Directors believe that the provision of rental of machinery and vehicle services by the PTC Group and the leasing of heavy vehicle parking lots from the PTC Group have been carried out on an arm's length basis and based on normal commercial terms and market prices.

The other transactions involving the sale and purchase of motor vehicles and the lease of equipment have been conducted on a willing-buyer willing-seller basis. As our Group did not obtain any alternative quotes for the above-mentioned transactions, they were not carried out on an arm's length basis.

Going forward, we intend to continue with the abovementioned transactions with the PTC Group as long as such transactions are not prejudicial to the interests of our Group and/or minority Shareholders. Such future transactions will be in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus and the requirements under Chapter 9 of the Listing Manual.

(C) Engagement of Huixing Industries as a supplier

Solid Resources Investments owns 100% of the shares in Huixing Industries. As such, Huixing Industries is an associate of PTC and is accordingly an interested person for the purposes of Chapter 9 of the Listing Manual and the SFR.

Huixing Industries is principally engaged in the supply of granite and marble materials and our Group purchases limestone, granite, wash pebbles aggregates and loose pebbles from Huixing Industries from time to time. The total amounts of purchases from Huixing Industries for the three most recent completed financial years and up to the Latest Practicable Date are as follows:

	Value of transaction (FY2007) (S$'000)	**Value of transaction (FY2008) (S$'000)**	**Value of transaction (FY2009) (S$'000)**	**Value of transaction (1 January 2010 to the Latest Practicable Date) (S$'000)**
Amount of purchases	951	2,550[1]	530	—

Note:

(i) The transaction value with Huixing Industries increased in FY2008 based on competitive quotes obtained. The materials purchased from Huixing Industries were mainly used in the Capella project. This project was of a larger contract value and the requirements for certain materials such as marble were higher.

Our Directors believe that the above purchases have been carried out on an arm's length basis and are based on normal commercial terms and market prices.

The Audit Committee has also reviewed the terms, rationale and benefit of the abovementioned transactions with Huixing Industries and is of the view that the transactions are not prejudicial to the interests of our Group and/or minority Shareholders.

We will continue to carry out the above transaction as long as it is in our interests to do so, and in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus and the requirements under Chapter 9 of the Listing Manual.

(D) Advances from Interested Persons

Advances from Solid Resources Investments

Since 2005, Solid Resources Investments has provided loans amounting to approximately USD2.1 million which are interest free and with no fixed terms of repayment to Chang De Investment. Such loans were used to finance our property development business in the PRC.

The largest amount outstanding for the last three financial years and up to the Latest Practicable Date is approximately USD2.1 million and this is also the amount outstanding as at the Latest Practicable Date.

Advances from Xiamen Huicheng

On 15 July 2008, Xiamen Huicheng entered into a funded entrusted contract with Northern International Trust pursuant to which Xiamen Huicheng entrusted Northern International Trust to grant a loan amounting to RMB26.9 million to Tianjin Zizhulin. The loan is for a term of two years at an interest rate of approximately 15.0% per annum. The purpose of the loan was to develop the property development business of our Group in the PRC.

The interest rate of approximately 15.0% per annum was determined based on the interest rate of approximately 8.0% per annum, being the prevailing market rate for secured borrowings, plus the approximate RMB3.7 million interest rolled over from the previous loan granted by Xiamen Huicheng to Tianjin Zizhulin before it was rectified through the funded entrusted contract outlined above. Please refer to the section entitled "Interested Person Transactions and Potential Conflists of Interest — Past Interested Person Transactions" for further details of the previous loan. While the rate of 15.0% per annum is higher than the market rate, it included the unpaid interest for prior years, maintaining the effective interest rate at 8.0% per annum. As this loan is unsecured and the prevailing market rate for secured borrowings is approximately 8.0% per annum, we are of the view that the transaction is not prejudicial to the interests of our Group and/or minority Shareholders.

In December 2009, Tianjin Zizhulin repaid the sum of RMB13.0 million (comprising RMB11.0 million of principal repayment and approximately RMB2.0 million of interest payment) to Xiamen Huicheng via Northern International Trust.

The largest amount outstanding for the last three financial years up to the Latest Practicable Date is approximately RMB26.9 million. As at the Latest Practicable Date, RMB15.9 million of the loan remains outstanding.

Notwithstanding that inter-company loans are not in compliance with the General Provisions for Loans (贷款通则) promulgated by the PBOC, we have been advised by our PRC counsels that inter-company loans via such an entrusted contract is legal and valid because Northern International Trust has been approved by the China Banking Regulatory Commission, Tianjin Bureau (中国银行业监督管理委员会天津监管局) (the "Tianjin Bureau") and is legally registered with the Tianjin Administration for Industry and Commerce (天津市工商行政管理局) ("TJAIC") to operate such trust arrangements.

As the above transactions are not based on normal commercial terms and market prices, our Directors believe that the above transactions have not been carried out on an arm's length basis.

We intend to utilise S$3.0 million, approximately 5.8% of the Invitation proceeds, to repay the abovementioned loan owing to Solid Resources Investments and S$3.3 million, approximately 6.2% of the Invitation proceeds, to repay the abovementioned loan owing to Xiamen Huicheng. Upon repayment of the abovementioned loans, our Group does not expect to enter into any transactions of the above nature with Solid Resources Investments and Xiamen Huicheng in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

(E) Transfer of shares in Tianjin Zizhulin Investment from Xiamen Huicheng to Tianjin Zizhulin

Pursuant to a share transfer agreement entered into between Tianjin Zizhulin and Xiamen Huicheng on 30 December 2009, Tianjin Zizhulin purchased 11.5% of the shares in Tianjin Zizhulin Investment from Xiamen Huicheng at an aggregate consideration of approximately RMB15.1 million. It was agreed between the parties that the consideration will be repaid on a deferred terms basis on or before 4 December 2011.

The above transaction was not conducted on an arms' length basis because it was based on the nominal amount of capital injected by Xiamen Huicheng into Tianjin Zizhulin Investment. However, the above transaction was carried out on a willing-buyer willing-seller basis and is not prejudicial to the interests of our Group and/or minority shareholders in view of the deferred payment terms.

We intend to utilise S$2.7 million, approximately 5.1% of the Invitation proceeds, to make partial repayment of the abovementioned consideration owing to Xiamen Huicheng. Upon repayment of the consideration, our Group does not expect to enter into any transactions of the above nature with Xiamen Huicheng in the future following our listing on the Official List of the SGX-ST. In the event that we do so, such transactions will be conducted in accordance with the procedures described under the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Guidelines and Review Procedures for Future Interested Person Transactions" of this Prospectus.

Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or associated companies over which the listed company has control (other than a subsidiary or associated company that is listed on a foreign stock exchange) proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial threshold. In particular, shareholders' approval is required where the value of such transaction is not below S$100,000 and is:

(i) equal to or more than 5% of the latest audited NTA of the listed company; or

(ii) equal to or more than 5% of the latest audited NTA of the listed company, when aggregated with other transactions entered into with the same interested person during the same financial year.

Definitions under the Listing Manual

Under the Listing Manual:

(a) the term "interested person" is defined to mean a director, chief executive officer, or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder; and

(b) the term "associate" is defined to mean:

    (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual):

        — his immediate family

        — the trustee of any trust of which he and his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

        — any company in which he and his immediate family (that is, the spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30% or more; and

    (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

We may in the ordinary course of business, enter into certain transactions with interested persons. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions include, but are not limited to, the transactions described above.

Our internal control procedures will ensure that all interested person transactions, including the aforementioned interested person transactions involving companies related to us are conducted on an arm's length basis and on normal commercial terms. Such internal controls include the following:

(a) when purchasing from or procuring services from interested persons, our Directors shall take into account the prices and terms of at least two other comparative offers from third parties (where possible), contemporaneous in time. The purchase price or procurement price, as the case may be, shall not be higher than the most competitive price of the two comparative offers from third parties;

(b) in determining the most competitive purchase price or procurement price, as the case may be, our Directors shall take into consideration the nature of the project, the cost and the experience and expertise of the supplier;

(c) when selling products or providing services to interested persons, our Directors shall take into account the prices and terms of at least two other successful sales to third parties (where possible), contemporaneous in time. The sale price shall not be lower than the lowest sale price of the other two successful sales to third parties;

(d) when renting from interested persons, our Directors shall take into account the rental and terms of two other comparative premises (where possible), contemporaneous in time. The rental paid shall not be higher than the most competitive rental of the two comparative premises; and

(e) should any future interested person transaction be on less preferred terms than as determined in steps (a) to (d) above, the prior approval of our Board must be obtained before such transactions can be entered into.

The considerations in paragraphs (a) to (e) above will allow for variation from prices and terms of the comparative offers or sales so long as the volume of trade, credit-worthiness of the buyer, differences in service, reliability or other relevant factors justify the variation and so long as the contemporaneous comparative offer or sale incorporates modifications that account for volatility of the market for the goods and services in question.

For (a), (c) and (d) above, in the event that it is not possible for appropriate information (for comparative purposes) to be obtained, the matter will be referred to our Audit Committee and our Audit Committee will determine whether the purchase or sale price/fees or rental fees to be paid or received are fair and reasonable and consistent with our Group's usual business practice.

All interested persons transactions above S$100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable to the interested person than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:

(a) a category one interested person transaction is one where the value thereof is below or equal to 3% of the NTA of our Group;

(b) a category two interested person transaction is one where the value thereof is in excess of 3% of the NTA of our Group but less than 5% of the NTA of our Group; and

(c) a category three interested person transaction is one where the value thereof is in excess of and equal to 5% of the NTA of our Group.

A category two or three interested person transaction must be approved by our Audit Committee prior to entry. A category one interested person transaction need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee. A category three interested person transaction must be approved by our Shareholders' at a general meeting in accordance with the Listing Manual.

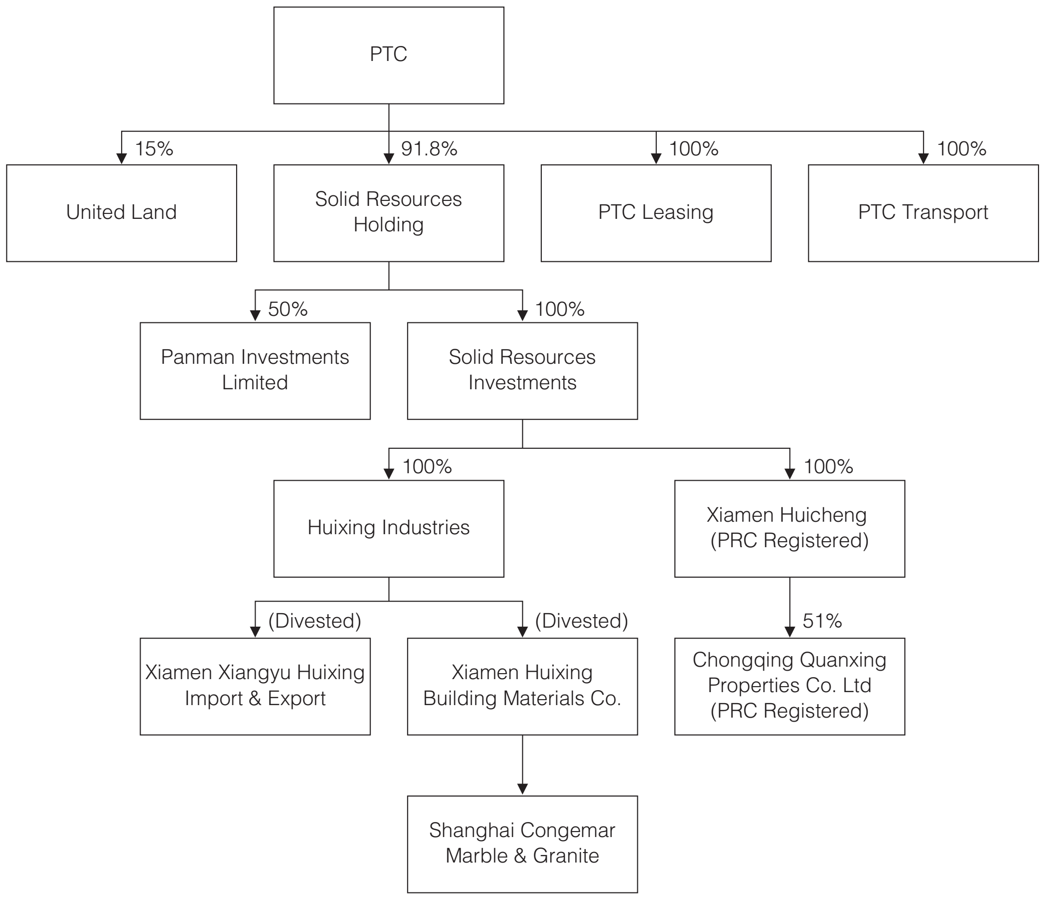
We will prepare relevant information to assist our Audit Committee in its review.

Before any agreement or arrangement that is not in the ordinary course of business of our Group is transacted, the views of our Audit Committee will be sought. In the event that a member of our Audit Committee is interested in any of the interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

We will also comply with the provisions in Chapter 9 of the Listing Manual in respect of all future interested person transactions, and if required under the Listing Manual, the Companies Act or the Securities and Futures Act, we will seek our Shareholders' approval for such transaction.

CONFLICTS OF INTERESTS

PTC Group



Our Directors, namely, Pek Ah Tuan, Pek Lian Guan and Pay Sim Tee and our Executive Officers, namely Pek Dien Kee and Pay Teow Heng, and their Associates collectively own approximately 93.4% of the entire equity interest in PTC. PTC is an investment holding company with interests in companies spanning various industries. Further details on PTC's subsidiaries are as follows:

(a) PTC Transport and PTC Leasing − wholly-owned subsidiaries which are involved in the rental of heavy machinery and provision of transportation services;

(b) Solid Resources Holding − 91.8%-owned subsidiary which is involved in the supply of building materials such as granite and marble, and property development in the PRC:

(i) Supply of building materials

— Huixing Industries, a wholly owned subsidiary of Solid Resources Investments which is in turn 100% owned by Solid Resources Holding. Huixing Industries is principally engaged in the supply of building materials; and

(ii) Property development in the PRC

— Xiamen Huicheng, a wholly-owned subsidiary of Solid Resources Investments which is in turn 100% owned by Solid Resources Holding. Xiamen Huicheng is principally engaged in property development in Xiamen and Chongqing in the PRC. Xiamen Huicheng is established in 1985. Currently, Xiamen Huicheng only has one on-going residential property development project in Chongqing; and

— Panman Investments Limited ("Panman Investments") is 50% owned by Solid Resources Holding. The other 50% of Panman Investments is owned by United Land (25%) and an unrelated third party (25%). It was set up in 1994 to develop a commercial property in Beijing and the project was completed in 2000. Panman Investments has been dormant since 2005 and the intention is to wind up the company.

The businesses of Solid Resources Holding were not proposed to be part of our Group for the following reasons:

(a) while the supply of building materials is related to the construction business, we do not deem it necessary to be engaged in this line of business as there are readily available suppliers and we are able to source for competitive quotes. Further, Solid Resources Holding is exiting this line of business with Huixing Industries having divested its two key operating subsidiaries; and

(b) for the property development business, Solid Resources Investments and Xiamen Huicheng are in the process of resolving certain outstanding legal issues involving the seller of a piece of land and the buyers of one of its projects in the PRC.

Our Directors are of the view that the businesses of the PTC Group are not in conflict with our Group's business due to the following reasons:

(a) No overlap of business areas and regions

— through PTC Transport and PTC Leasing, the PTC Group is involved in the rental of heavy machinery and provision of transportation services such as lorries, lorry cranes, mobile cranes, prime movers, low-bed trailers, platform trailers and self-loader trucks. Its customers include companies in the construction and shipping industries, as well as the public sector. In contrast, our Group is involved in building and civil engineering construction and property development; and

— although Xiamen Huicheng undertakes property development business, it is presently only confined to Xiamen and Chongqing in the PRC, where our Group does not have any business interests. We currently have no intention to venture into Xiamen and Chongqing. As the PRC market is large enough and property development is capital intensive, we intend to focus our resources on certain key regions for now. Further, Panman Investments was established for a specific property development project in Beijing. With the completion of the project, the company has been dormant since 2005 and Solid Resources Holding intends to wind up this company.

(b) Separate management teams

— although certain of our Directors, namely, Pek Ah Tuan and Pay Sim Tee, are also directors of PTC, PTC Transport, PTC Leasing, Solid Resources Holding, Solid Resources Investments, Huixing Industries (only Pek Ah Tuan) and Xiamen Huicheng, Pek Ah Tuan and Pay Sim Tee are not involved in the day-to-day operations of these companies, and are only involved in major management decisions involving the PTC Group. Pek Lian Huat is the only director of Xiamen Huicheng who is involved in its day-to-day management. Pek Lian Huat is the son of Pek Ah Tuan and is not involved in the management of our Group. He is supported by a team of managers employed by Xiamen Huicheng who are not involved in our Group.

Further, the following undertakings have been obtained from the respective parties in the interest of our Group:

Undertakings by PTC and Solid Resources Holding and Option to Purchase by PTC

Pursuant to deeds of undertaking dated 25 February 2010, PTC and Solid Resources Holding have respectively undertaken to our Group that:

(a) it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group;

(b) it will not, and shall procure that its subsidiaries and associate companies (whether present or future), will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group;

(c) it will not, and shall procure that its subsidiaries and associate companies (whether present or future) shall not solicit, market to or entice away, whether directly or indirectly, from our Group any business, customer or business associate; and

(d) it shall procure that the property development business undertaken by Xiamen Huicheng is only confined to Xiamen and Chongqing in the PRC.

In addition, PTC has also granted an option to our Company to acquire Solid Resources Holding and its subsidiaries which are involved in the property development business. The option to purchase will apply for so long as PTC holds a substantial interest of 5.0% or more in Solid Resources Holding.

In the event that the exercise of the option to purchase amounts to an interested person transaction and/or a major acquisition, we will comply with the provisions in Chapters 9 and 10 (whichever applicable) of the Listing Manual and if required under the Listing Manual, the Companies Act or the Securities and Futures Act, we will seek our Shareholders' approval for the transaction.

Undertaking by Xiamen Huicheng

Pursuant to a deed of undertaking dated 25 February 2010, Xiamen Huicheng has undertaken to our Group that:

(a) it will, and shall procure that its subsidiaries and associate companies (whether present or future) will, only undertake any property development business in Xiamen and Chongqing in the PRC;

(b) it will not, and shall procure that its subsidiaries and associate companies (whether present or future), will not have any interest in or provide any financial assistance to any other person to carry on, be engaged in or be interested in any business or other activity that will directly or indirectly compete with our Group;

(c) it will not, and shall procure that its subsidiaries and associate companies (whether present or future) shall not solicit, market to or entice away, whether directly or indirectly, from our Group any business, customer or business associate; and

(d) in the event that our Group intends to venture into Xiamen and Chongqing and undertake property developments in such regions, it shall give our Group the first right of refusal to participate in any property development project undertaken or proposed to be undertaken by it in such regions.

Undertakings by Pek Ah Tuan, Pek Lian Guan, Pay Sim Tee, Pek Dien Kee and Pay Teow Heng

Pursuant to deeds of undertaking dated 25 February 2010, Pek Ah Tuan, Pek Lian Guan, Pay Sim Tee, Pek Dien Kee and Pay Teow Heng have respectively undertaken to our Group that, for as long as he remains (i) a Director/Executive Officer of our Company (or any of our subsidiaries or associated companies); and/or (ii) a shareholder with an interest of 5% or more (whether direct or indirect) in the voting shares of our Company:

(a) he will not be involved in any decision making in PTC or any of its subsidiaries and associate companies (whether present or future) that will put him in a conflict of interest position with respect to his duties and responsibilities in our Group;

(b) he will procure that PTC or any of its subsidiaries and associate companies (whether present or future) will not conduct any business which will compete directly or indirectly with the business of our Group;

(c) in the event that any resolution is proposed which could result in a potential conflict of interest arising between our Group and PTC, he will, subject to applicable laws, exercise his voting rights (if any) in the relevant company to vote against such resolution and take such steps as may be in his power so as to give full effect to the matters described under (a) and (b) above;

(d) he will not have any interest, directly or indirectly, in any entity whose business competes directly or indirectly with the business of our Group, except that he shall be permitted to have an interest not exceeding 5% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete directly or indirectly with the business of our Group;

(e) he will procure that his associates will not conduct, be engaged in or be interested in any business (either solely or jointly with or on behalf of any person, firm or corporation), which will compete directly or indirectly with the business of our Group;

(f) he will not directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group;

(g) he will not use, divulge or communicate to any competitor any important information related to the Group's business, customers or business associates;

(h) he will not solicit for employment, in Singapore, any employee, former employee, agent or former agent of the Group; and

(i) (in relation to Pek Ah Tuan, Pay Sim Tee and Pek Lian Guan), he will not utilize the resources or assets of our Group for the benefit of any business that competes directly or indirectly with the business of our Group.

Each of Pek Ah Tuan, Pek Lian Guan, Pay Sim Tee, Pek Dien Kee and Pay Teow Heng has also agreed to execute an annual letter of confirmation which will be reviewed by the Audit Committee to confirm that the contents of their respective deeds of undertaking remain valid.

Lee It Hoe

Our Non-Executive Director, Lee It Hoe, is also our controlling shareholder by virtue of his deemed interest in his associates' shareholding interest. For further details of Mr Lee's deemed interest and his associates, please refer to the section entitled "Shareholders" of this Prospectus for further details.

Undertaking by Lee It Hoe

Pursuant to a deed of undertaking dated 20 February 2010, Lee It Hoe has undertaken to our Group that, for as long as he remains (i) a Director of our Company (or any of our subsidiaries or associated companies); and/or (ii) a shareholder with an interest of 5% or more (whether direct or indirect) in the voting shares of our Company:

(a) he will not have any interest, directly or indirectly, in any entity whose business competes directly or indirectly with the business of our Group, except that he shall be permitted to have an interest not exceeding 5% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete directly or indirectly with the business of our Group;

(b) he will procure that his associates will not conduct, be engaged in or be interested in any business (either solely or jointly with or on behalf of any person, firm or corporation), which will compete directly or indirectly with the business of our Group;

(c) he will not directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group;

(d) he will not use, divulge or communicate to any competitor any important information related to the Group's business, customers or business associates; and

(e) he will not solicit for employment, in Singapore, any employee, former employee, agent or former agent of the Group.

Wan Seng

Lee It Hoe is a non-executive director of Wan Seng and owns 20% of Wan Seng. The other shareholders of Wan Seng are immediate family members of Mr Lee. Accordingly, Wan Seng is an associate of Lee It Hoe. The directors of Wan Seng are Lim Kim Eng (mother of Lee It Hoe), Lee It Hoe and Lee Yew Sim (brother of Lee It Hoe).

Wan Seng is an investment holding company and currently, besides its investment in our Company, also has an interest in 3,886,062 shares in Sing Holdings Limited and 205,300 shares in Sing Investments & Finance Limited. Before the Invitation, Wan Seng holds a direct interest of 3.8% in our Company.

We are of view that there is no potential conflict of interests posed by Lee It Hoe's 20% equity interest in Wan Seng and his non-executive directorship in Wan Seng because of the following reasons:

(a) No overlap of business areas

— Wan Seng is an investment holding company and its only investments currently are its interests in our Company, Sing Holdings Limited and Sing Investments & Finance Limited.

(b) Substantially different boards and separate management teams

— none of the shareholders or directors of Wan Seng is involved in the day-to-day management of our Group;

— the only common director between the two boards is Lee It Hoe, who holds only a non-executive directorship in both companies;

— Wan Seng is only a passive investor in our Company; and

— there is no specific arrangement which sets out the number of board members that Wan Seng can nominate on to the board of our Company.

(c) Non-compete undertakings

— Wan Seng has provided an undertaking dated 20 February 2010 which provides as follows:

  — it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group;

  — it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group; and

— it will not, and shall procure that its subsidiaries shall not solicit, market to or entice away, whether directly or indirectly, from our Group any business, customer or business associate.

— Further, Lee It Hoe has also provided an undertaking dated 20 February 2010 which provides that he shall abstain from voting in respect of any contract, arrangement, proposal, transaction or matter that Wan Seng proposes to undertake which may pose as a conflict of interest, directly or directly, with the business of our Group.

Wan Seng Contractors Private Limited ("Wan Seng Contractors")

The major shareholder of Wan Seng Contractors is Lee Yew Cheng (75%), the brother of Lee It Hoe. The other two shareholders of Wan Seng Contractors are Ghanshyam Das Rai and Lee Hwee Ling, both of whom are employees of Wan Seng Contractors and are not related to Lee It Hoe. The directors of Wan Seng Contractors are Lee Yew Cheng and Ghanshyam Das Rai.

Although Wan Seng Contractors is also a construction company, we are of the view that the potential conflict of interest posed by Lee It Hoe's brother's shareholding in Wan Seng Contractors is mitigated on the following bases:

(a) No overlap of business areas

— Wan Seng Contractors is mainly involved in sub-contracting works for construction projects. The projects which Wan Seng Contractors acted as a main contractor are for relatively small and do not exceed S$7 million. Further, we understand that Wan Seng Contractors has since not applied for a Builder's Licence under the Building Control (Amendment) Act 2007 and is currently only registered for minor construction works (CR01) and cannot tender for public projects; and

— Tiong Seng Contractors, on the other hand, holds the highest BCA grading of A1 for both general building and civil engineering which qualifies our Group to undertake public sector construction projects with unlimited contract value. For private sector projects, Tiong Seng Contractors generally also undertakes much larger projects of higher contract values. For example, Tiong Seng Contractors was the contractor for the St Regis Hotel and Residential Development project (valued at S$296 million) and the Capella project (valued at S$197 million).

(b) Different clientele base

— generally, the developers which Tiong Seng Contractors deals with as a main contractor have stringent selection criteria and generally deal with only the larger construction companies. It is currently not the intention of Tiong Seng Contractors to engage in minor construction works given that its resources can be better utilised by engaging in larger projects.

(c) Substantially different boards and separate management teams

— none of the shareholders or directors of Wan Seng Contractors is involved in the day-to-day management of our Group; and

— with effect from 20 July 2009, Lee It Hoe is no longer a director of Wan Seng Contractors. As such, there are no common directors between the two boards.

(d) Non-compete undertaking

— Wan Seng Contractors has provided an undertaking dated 20 February 2010 which provides as follows:

— it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group;

— it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group; and

— it will not, and shall procure that its subsidiaries shall not solicit, market to or entice away, whether directly or indirectly, from our Group any business, customer or business associate.

Further, given that Wan Seng Contractors is an associate of Lee It Hoe, in the event that Wan Seng Contractors intends to undertake any business that directly or indirectly competes with the business of our Group, Lee It Hoe will be obliged under his deed of undertaking dated 20 February 2010 to procure that Wan Seng Contractors does not proceed with such business undertaking.

Apart from Lee Yew Cheng who owns an indirect interest in our Company through his 20% shareholding in Wan Seng Enterprises which in turns owns 3.8% of our Company before the Invitation, none of the shareholders of Wan Seng Contractors owns any interest, directly or indirectly, in our Company.

As outlined above, we are of the view that the potential conflict of interests with Wan Seng Contractors is mitigated.

Song Hup Seng

Lee It Hoe is a non-executive director of Song Hup Seng and has a deemed interest in the shares of Song Hup Seng through his wife's interest in Song Hup Seng. Save for his wife (22.2%) and nephew, Low Sze Wee (5.5%), the other shareholders of Song Hup Seng are unrelated to Lee It Hoe. The directors of Song Hup Seng are Lee Swee An, Chua Chooi Lye and Lee It Hoe.

Song Hup Seng is mainly involved in the construction of golf courses and minor civil engineering works. Our Group is involved principally in construction and civil engineering works. Thus, this would pose a *prima facie* potential conflict of interests in terms of competition for such business between Song Hup Seng and our Group.

However, we are of the view that there is no potential conflict of interest posed by Lee It Hoe's non-executive directorship and deemed interests in Song Hup Seng, on the following grounds:

(a) No overlap of business areas

— the nature of the construction works undertaken by Song Hup Seng is different from that undertaken by our Group. Song Hup Seng is primarily engaged in the construction of golf courses and some minor civil engineering construction. Our Group, on the other hand, is involved in building and civil engineering construction and does not construct golf courses; and

— in terms of civil engineering works, Song Hup Seng does not hold a BCA grading.

(b) Different clientele base

— given the different nature of the construction projects undertaken by Song Hup Seng (ie, golf courses), its customers are different from that of our Group.

(c) Substantially different boards and separate management teams

— none of the shareholders or directors of Song Hup Seng is involved in the day-to-day management of our Group; and

— the only common director between the two boards is Lee It Hoe, who holds only a non-executive directorship in both companies.

(d) Further, we understand that Song Hup Seng has completed its existing projects and has stopped tendering for new projects since July 2008. We further understand that Song Hup Seng intends to cease its construction and civil engineering business activities soon.

Notwithstanding the above, Song Hup Seng has provided an undertaking dated 20 February 2010 that:

— it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group;

— it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group; and

— it will not, and shall procure that its subsidiaries shall not solicit, market to or entice away, whether directly or indirectly, from our Group any business, customer or business associate.

Xin Dong Fang Holdings Pte Ltd ("Xin Dong Fang") and Yantai Xindongfang Commercial City Industrial Development Co. Ltd ("Yantai Xindongfang")

In addition to the above, Lee It Hoe is also the non-executive director of Xin Dong Fang. The other directors of Xin Dong Fang are Bustami, Lee Yew Sim and Yeo Liswanto. Lee It Hoe owns approximately 40% of the shares in Xin Dong Fang. The rest of the shareholders of Xin Dong Fang are

Bustami (50%), Lee Yew Sim (0.001%) and Yeo Liswanto (10%) respectively. Save for Lee Yew Sim, who is the brother of Lee It Hoe, the remaining shareholders are not related to Lee It Hoe.

Xin Dong Fang in turn owns approximately 60% of the shares in Yantai Xindongfang and Lee It Hoe is also a non-executive chairman of Yantai Xindongfang. The other shareholder of Yantai Xindongfang is Yantai Zhong Xiang Property Development Co., Ltd. (烟台中翔置业有限公司), an unrelated party to Lee It Hoe.

Yantai Xindongfang is an investment company that undertakes property development business in the PRC, and it had only undertaken one commercial property development project thus far in Yantai City, Shandong Province (the "Yantai Property") that was completed in 1997, and all the units of that property development project have been leased out on a long term basis of 15 years. Currently, we understand that Yantai Xindongfang has no other active property development projects on hand and does not intend to participate in any other property development in the future.

Our Directors are of the view that, broadly speaking, the property development business of Yantai Xindongfang and our Group poses a *prima facie* potential conflict of interests in terms of competition for property development. However, aside from the Yantai Property which was completed more than 10 years ago in 1997, Yantai Xindongfang has no other track record in the business of property development. In addition, it has no intention of participating in other property developments going forward. In view of this, our Directors are of the view that the potential conflict of interests arising from Lee It Hoe's interests in Xin Dong Fang and Yantai Xindongfang is minimised. Furthermore, it is the intention of Yantai Xindongfang to sell the Yantai Property, which is its only property development project, at the appropriate time and thereafter wind up the company.

In addition, we are of the view that any potential conflict of interests arising from Lee It Hoe's non-executive directorships in Xin Dong Fang and Yantai Xindongfang is minimised as he is not involved in the day-to-day operations or management of both Xin Dong Fang and Yantai Xindongfang, both of which do not intend to participate in any other property development going forward.

Lee It Hoe has also undertaken not to participate in any discussions and proceedings which relate, directly or indirectly, to any business carried out by our Group pertaining to the Yantai region in the PRC during our board or other meetings of our Company.

Notwithstanding the above, Xin Dong Fang has provided an undertaking dated 20 February 2010 that:

— it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group; and

— it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group.

Yantai Yuan Cheng Industrial Development Pte Ltd ("Yantai Yuan Cheng")

Lee It Hoe is also a non-executive director in Yantai Yuan Cheng. Yantai Yuan Cheng was established on or around 1993 to undertake property development projects. From 1993 to the date of this Prospectus, Yantai Yuan Cheng has developed a small property development project (valued at approximately RMB20 million) (the "Yantai Project"). The Yantai Project is a commercial and residential project which consists of a block of three-storey commercial component and 10-storey residential and/or commercial components.

Lim Kim Eng, Lee Yew Sim and Lee Yew Cheng are the other directors based in Singapore and there are four other directors who are based in the PRC. The shareholders of Yantai Yuan Cheng are Wan Seng Holdings (Pte.) Limited (50%) ("Wan Seng Holdings"), Lee Yew Sim (15%) and an unrelated third party (35%).

Lee It Hoe is a director of Wan Seng Holdings and owns 33.8% of Wan Seng Holdings. The other shareholders of Wan Seng Holdings are immediate family members of Mr Lee. Accordingly, Wan Seng Holdings is an associate of Lee It Hoe.

Wan Seng Holdings is an investment and property holding company and has provided an undertaking that:

— it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group; and

— it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group.

Yantai Yuan Cheng is only engaged in a small property development project in Yantai, where we do not have a presence. Further, Lee It Hoe is a non-executive director in both our Company and Yantai Yuan Cheng and is not involved in the day-to-day management of the two companies. Thus, we are of the view that Lee It Hoe's and his associates' interests in Yantai Yuan Cheng and Lee It Hoe's non-executive directorship in Yantai Yuan Cheng do not pose as a potential conflict of interest. Notwithstanding this, Yantai Yuan Cheng has provided an undertaking dated 20 February 2010 that:

— save for the Yantai Project, it will not, and shall procure that its subsidiaries and associate companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the business of our Group; and

— it will not, and shall procure that its subsidiaries, will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group.

Save as disclosed above and in the section entitled "Interested Person Transactions and Potential Conflicts of Interest — Interested Person Transactions" of this Prospectus:

(a) none of our Directors, Executive Officers or Substantial Shareholders or their associates has had any interest, direct or indirect, in any material transactions to which we were or are to be a party;

(b) none of our Directors, Executive Officers or Substantial Shareholders or their associates has any interest, direct or indirect, in any company carrying on the same business or carrying on a similar trade as us; and

(c) none of our Directors, Executive Officers or Substantial Shareholders or their associates has any interest, direct or indirect, in any enterprise or company that is our customer or supplier of goods or services.

Interests of Experts

None of the experts, if any, named in the Prospectus:

(i) is employed on a contingent basis by our Company or any of our subsidiaries;

(ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or

(iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

The Issue Price is determined by us in consultation with the Manager, after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the New Shares determined through a book-building process. The Issue Price is the same for all New Shares and is payable in full on application.

Investors may apply to subscribe for any number of New Shares in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of New Shares to be allotted to any single applicant and/or to allot New Shares above or under such prescribed limit as we shall deem fit.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for application at the Issue Price. The terms, conditions and procedures for applications are described in "Annex E − Terms and Conditions and Procedures for Application" of this Prospectus.

New Shares may be reallocated between the Offer and the Placement in the event of excess applications in one and a deficit in the other.

In the event of excess applications for the Offer Shares as at the close of the Application List and/or full or excess applications for the Placement Shares as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with DBS Bank, and approved by the SGX-ST.

Placement Shares (excluding Reserved Shares)

Application for the Placement Shares (excluding Internet Placement Shares and Reserved Shares) may be made by way of Application Forms or such other forms of application as DBS Bank deems appropriate. Application for the Internet Placement Shares is to be made through the Internet website of DBS Vickers. The terms and conditions and procedures for application and acceptance are described in "Annex E − Terms and Conditions and Procedures for Application" of this Prospectus.

In the event that not all the Internet Placement Shares are validly applied for as at the close of the Application List, that number of Internet Placement Shares not subscribed and/or purchased shall be made available to satisfy applications for the Placement Shares by way of Placement Shares Application Forms (or such other forms of application as DBS Bank may deem appropriate) to the extent that there are excess applications for such Placement Shares (not including the Internet Placement Shares) as at the close of the Application List or to satisfy excess applications for the Offer Shares to the extent that there are excess applications for the Offer Shares as at the close of the Application List.

New Shares may be reallocated between the Offer and the Placement in the event of excess applications in one and a deficit in the other.

Reserved Shares

To recognise contributions to our Company, we have reserved 10,205,000 Placement Shares for subscription and/or purchase by our employees, business associates, Independent Directors and those who have contributed to the success of our Group at the Issue Price. These Reserved Shares are not subject to any moratorium and may be disposed of after the admission of our Company to the Official List of the SGX-ST. In the event that any of the Reserved Shares are not validly applied for, they will be made available to satisfy excess applications for the Placement Shares to the extent there are excess applications for the Placement Shares as at the close of the Application List or, in the event that not all the Placement Shares are validly applied for as at the close of the Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent there are excess applications for the Offer Shares as at the close of the Application List.

Over-allotment and Stabilisation

In connection with this Invitation, our Company has granted DBS Bank an Over-allotment Option, exercisable in full or in part within 30 days from the commencement of trading of our Shares on the SGX-ST, to purchase up to an aggregate of 28,350,000 Additional Shares (which in aggregate represents not more than 15% of the New Shares) at the Issue Price solely to cover the over-allotment (if any) made in connection with this Invitation. In the event that the Over-allotment Option is exercised, we will pay a commission of 3.0% of the Issue Price for each Additional Share subscribed by DBS Bank.

In connection with this Invitation, DBS Bank may, in its discretion but subject always to applicable laws and regulations in Singapore, over-allot or effect transactions which stabilise or maintain the market price of the Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulatory requirements. The number of Shares that DBS Bank may buy to undertake stabilising action shall not exceed an aggregate of 28,350,000 Shares representing not more than 15% of the New Shares. However, there is no assurance that DBS Bank or any person acting on its behalf will undertake stabilisation action. Such stabilisation activities may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued by DBS Bank at any time at DBS Bank's discretion in accordance with the laws of Singapore and shall not be effected after the earlier of (a) the date falling 30 days from the date of commencement of trading of our Shares on the SGX-ST, or (b) the date when DBS Bank has bought on the SGX-ST, an aggregate of 28,350,000 Shares representing not more than 15% of the New Shares to undertake stabilising action.

We will publicly announce the total number of Additional Shares which is subject to the Over-allotment Option, through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com, no later than the day immediately following the close of the Application List.

Neither our Company nor DBS Bank makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company nor DBS Bank makes any representation that DBS Bank or any person acting for it will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). DBS Bank, being the manager effecting the stabilising activities, will be required to make an announcement through the SGX-ST on the cessation of stabilising activities and the amount of the Over-allotment Option that has been exercised not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising action.

Share Lending

In connection with the over-allotment and stabilisation, DBS Bank has entered into a share lending agreement (the "Share Lending Agreement") with PTC, pursuant to which DBS Bank may borrow up to 28,350,000 Shares from PTC for the purpose of effecting the over-allotment in connection with this Invitation. Save for up to 28,350,000 Shares that may be lent to DBS Bank pursuant to the over-allotment effected in connection with this Invitation, the Shares of PTC are subject to moratorium undertaking. Please refer to the section entitled “Moratorium” of this Prospectus for more details as to the moratorium undertaking. At the conclusion of the price stabilisation activities, the Shares which are returned to PTC will be subject to its moratorium undertaking.

None of our Directors or Executive Officers or employees intends to subscribe for more than 5.0% of the New Shares.

We are not aware of any person who intends to subscribe for more than 5.0% of our Shares in this Invitation. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5.0% of the New Shares.

Further, no Shares shall be allocated or allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX Mainboard, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value subject to a maximum of S$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate of 7.0%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below and excluding the directorship held in our Company, none of our Directors currently holds or has held any directorships in the five years preceding the date of this Prospectus:

Name	**Present Directorships**	**Past Directorships**
Pek Ah Tuan	*Group companies* Tiong Seng Contractors Tiong Seng Properties Suzhou Huisheng Robin Village	*Group companies* Steeltech
	Other companies United Land PTC Leasing PTC Panman Investments Pte Ltd Solid Resources Holding Solid Resources Investments Huixing Industries Xiamen Huicheng Xiamen Xiangyu Huixing Import & Export Co., Ltd (厦门象峪汇兴出口有限公司) Xiamen Huixing Building Materials Co., Ltd (厦门汇兴石材有限公司)	*Other companies* Singapore Contractors Corporation(1) Panland Investment Pte Ltd(1)
Pek Lian Guan	*Group companies* Tiong Seng Properties Robin Village Tiong Seng Contractors Suzhou Huisheng LSC Limited Jetscan (Singapore) Jetscan (HK) Finique Design Jiangsu Huiyang Tianjin Zizhulin Tianjin Zizhulin Investment Tianjin Zizhilin Nanxi	*Group companies* Nil
	Other companies United Land Tiong Seng Shareholdings Tri Union Sindia Pan Horizon Joint Venture Company(3) Tianjin Sheng Jing	*Other companies* Dafeng City Dafeng Gang Water Treatment Development Co., Ltd (大丰市大丰港水处理发展有限公司) Shanghai Yatong Environmental Co., Ltd (上海亚同环保实业有限公司) Jiangsu Nantong No. 3 International Main Contractors Co., Ltd (江苏南通三建国际工程总承包有限公司) Funing County Water Treatment Development Co., Ltd (阜宁县水处理发展有限公司) VT Builder Private Limited(1) Jiangsu Huihan Property Co., Ltd.(1) (江苏汇翰置业有限公司) Tiong Seng Contractors Private Limited(2) Yangzhou Huili Property Development Co., Ltd (扬州汇力房地产开发有限公司) Jiangsu Huipeng Landscaping Co., Ltd (江苏汇鹏园艺建设有限公司)

Name	Present Directorships	Past Directorships
Pay Sim Tee	*Group companies* Tiong Seng Properties Robin Village Tiong Seng Contractors TSC (PNG) Suzhou Huisheng Tianjin Zizhulin LSC Limited Jetscan (Singapore) Jetscan (HK) Finique Design Tianjin Tianmen Jinwan Chang De Investment Cangzhou Huashi Tianjin Zizhulin Investment Tianjin Zizhulin Nanxi Jiangsu Huiyang	*Group companies* Nil
	Other companies Solid Resources Holding Solid Resources Investments Xiamen Huicheng PTC PTC Leasing PTC Transport Xiamen Xiangyu Huixing Import & Export Co., Ltd (厦门象峪汇兴出口有限公司) Xiamen Huixing Building Materials Co., Ltd (厦门汇兴石材有限公司)	*Other companies* Singapore Contractors Corporation Limited[1] Jiangsu Huihan Property Co., Ltd[1] (江苏汇翰置业有限公司) Suzhou Shengyang Property Co., Ltd. (苏州盛阳置业有限公司)
Lee It Hoe	*Group companies* Nil	*Group companies* Nil
	Other companies Wan Seng Enterprises Song Hup Seng Private Limited Yantai Xin Dong Fang Commercial City Holdings Co. Ltd. Wan Seng Holdings (Pte) Limited Grand Orient Securities Pte Ltd Xin Dong Fang Holdings Pte Ltd United Securities (2006) Private Limited UOB Kay Hian Private Limited Yantai Yuan Cheng Industrial Development Pte Ltd	*Other companies* Wan Seng Contractors Private Limited T.C. Realty Development Pte Ltd[1]
Ong Lay Khiam	*Group companies* Nil	*Group companies* Nil
	Other companies Nil	*Other companies* Asfinco Singapore Limited Singapore Chinese Orchestra Company Limited

Name	Present Directorships	Past Directorships
Ang Peng Koon, Patrick	*Group companies* Nil *Other companies* Insolvency Practitioners Association of Singapore Limited Esplanade Co Ltd	*Group companies* Nil *Other companies* Nil

Notes:

(1) The company has been wound up.

(2) This refers to a company incorporated in India which was previously a subsidiary of our Group.

(3) This refers to a company incorporated in Vietnam.

2. Save as disclosed below, none of our Executive Officers currently holds or has held any directorships in the five years preceding the date of this Prospectus:

Name	Present Directorships	Past Directorships
Pek Dien Kee	*Group companies* Tiong Seng Properties Robin Village Tiong Seng Contractors TSC (PNG) Suzhou Huisheng Jetscan (Singapore) Jetscan (HK) Finique Design Chang De Investment *Other companies* PTC Transport	*Group companies* Nil *Other companies* Nil
Pay Teow Heng	*Group companies* Tiong Seng Contractors TSC (PNG) Suzhou Huisheng Jetscan (Singapore) Finique Design Jetscan (HK) Robin Village *Other companies* Nil	*Group companies* Nil *Other companies* VT Builder Private Limited(1)
Andrew Khng	*Group companies* Tiong Seng Contractors Tiong Seng Properties TSC (PNG) Robin Village Finique Design	*Group companies* Nil

Name	Present Directorships	Past Directorships
	Other companies	*Other companies*
	Singapore Mongolia Investment Corporation Pte Ltd Sindia Singapore Contractors Association Limited Tiong Seng Contractors Private Limited(2)	Scal Resources Pte Ltd Fomcas Builders Pte Ltd(1) PMAL Pte Ltd(1) STA Consortium Pte. Ltd.(1) SC2 Private Limited
Choo Hong Chun	*Group companies*	*Group companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil
Ong Chun Tiong	*Group companies*	*Group companies*
	Tianjin Zizhulin Tianjin Tianmen Jinwan Cangzhou Huashi Tianjin Zizhulin Investment Tianjin Zizhulin Nanxi Chang Sheng	Nil
	Other Companies	*Other Companies*
	Nil	Jiangsu Huihan Property Co., Ltd(1) (江苏汇翰置业有限公司) Suzhou Shengyang Property Co., Ltd. (苏州盛阳置业有限公司)
Bao Jian Feng	*Group companies*	*Group companies*
	Jiangsu Huiyang	Nil
	Other Companies	*Other Companies*
	Yangzhou Huili Property Development Co., Ltd (扬州汇力房地产开发有限公司)	Jiangsu Huihan Property Co., Ltd(1) (江苏汇翰置业有限公司) Jiangsu Huipeng Landscaping Co., Ltd (江苏汇鹏园艺建设有限公司)

Notes:

(1) The company has been wound up.

(2) This refers to a company incorporated in India which was previously a subsidiary of our Group.

3. Save as disclosed below, none of our Directors and Executive Officers:

(a) has at any time during the last ten years, had a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner or at any time within two years from the date he ceased to be a partner;

(b) has at any time during the last ten years, had a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) has any unsatisfied judgement against him;

(d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for three months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;

(e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such breach;

(f) has at any time during the last ten years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

   (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

   (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

   (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

   (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

   in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosure in relation to Pek Lian Guan

On or around 2003, Pek Lian Guan, our CEO, assisted the Corrupt Practices Investigation Bureau ("CPIB") in their investigations relating to an individual who is a customer. To the best of Mr Pek's knowledge, neither he nor the Group is the subject of the investigations. There was no follow-up after the said interview by CPIB.

Disclosure in relation to Lee It Hoe

Between May 1984 and April 1985, Lee It Hoe was charged for abetting a third party in the commission of the offence of acting as a dealer's representative without a licence by aiding him in the performance of the functions of a dealer's representative in spite of his knowledge that the third party did not, at the material time, hold a valid licence. He thus committed an offence punishable under Sections 10 and 93 of the Securities Industry Act and was fined a sum of S$500. He then paid the fine and the matter was closed.

On 30 July 2008, Lee It Hoe was informed by the Authority that he had contravened regulation 5 of the Securities and Futures (Licensing and Conduct of Business) Regulations because he had failed to notify the Authority of his acquisition of substantial shareholding in Grand Orient Securities Pte Ltd on 1 February 2008 within 14 days after such acquisition. As the relevant notification was only received by the Authority on 27 June 2008, the Authority decided to issue a supervisory warning to Mr Lee to comply with the applicable laws and regulatory requirements at all times. No further action was taken in relation to this matter.

Disclosure in relation to Pek Dien Kee

Our Executive Officer, Pek Dien Kee, was involved in a traffic accident which injured a motorcyclist in the late 1970s (no fatality). The compensation was made by the insurance company and Mr Pek was fined approximately S$100 for the offence. No jail term was imposed on Mr Pek. His driving licence was not revoked or suspended because of this incident. The case had since then been dismissed.

In 2004, Pek Dien Kee was charged under section 5(3) of the Employment of Foreign Workers Act, Chapter 91A, for employing a foreigner in breach of the conditions of the work permit issued to the foreigner. Although the foreigner held a work permit as a "construction worker" for Tiong Seng Contractors, he was deployed to work as a "store keeper" at Tiong Seng Seng Contractors. As such, Mr Pek was subjected to a fine of S$3,500. The fine was paid and the matter was closed.

4. Save as disclosed under the section entitled "Directors, Management and Staff — Service Agreement" of this Prospectus, there are no existing or proposed service contracts between our Directors and our Company or any of our subsidiaries.

5. Save as disclosed under the section entitled "Interested Person Transactions" of this Prospectus, no sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or in shares or otherwise, by any person to induce him to become, or qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

6. As at the date of this Prospectus, there is only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Articles of Association. Save for the Award Shares, there are no founder, management, deferred or unissued shares reserved for issuance for any purpose. The Shares owned by our Directors, Executive Officers and Substantial Shareholders are not entitled to any different voting rights from the Shares that are or will be held by other Shareholders.

7. No option to subscribe for or purchase shares in or debentures of our Company or our subsidiaries has been granted to, or was exercised by any person for the financial period under review.

8. Except pursuant to the Over-allotment Option, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

9. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

10. There has not been any public takeover offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation, which has occurred during the financial period under review up to the Latest Practicable Date.

11. Save as disclosed in the sections entitled "Share Capital" and "Restructuring Exercise" of this Prospectus, no shares or debentures were issued or agreed to be issued by our Company or our subsidiaries for cash or for a consideration other than cash during the last three years preceding the date of lodgement of this Prospectus.

12. There are no shares in our Company that are held by or on behalf of our Company or by our subsidiaries.

MEMORANDUM AND ARTICLES OF ASSOCIATION

13. (a) Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with the registration number 200807295Z. The main object of our Company is to carry on business as, *inter alia*, an investment holding company.

    (b) An extract of our Articles of Association providing for, *inter alia*, transferability of shares, Directors' voting rights, borrowing powers of Directors and dividend rights are set out in Annex A of this Prospectus. The Articles of Association of our Company is available for inspection at our registered office in accordance with the paragraph under the heading "Documents Available for Inspection" of this Prospectus.

MATERIAL CONTRACTS

14. The following contracts, not being contracts entered into in the ordinary course of business of our Company and our subsidiaries (as the case may be), have been entered into by our Company or our subsidiaries (as the case may be) within the two years preceding the date of lodgement of this Prospectus and are or may be material:

(a) The Management and Underwriting Agreement dated 7 April 2010 made between our Company and DBS Bank referred to under the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus;

(b) The Placement Agreement dated 7 April 2010 made between our Company and DBS Bank referred to under the section entitled "Management, Underwriting and Placement Arrangements" of this Prospectus;

(c) The Depository Agreement dated 1 April 2010 made between our Company and CDP pursuant to which CDP agreed to act as central depository for the Company's securities for trades in the securities of our Company through the SGX-ST;

(d) The Sale and Purchase Agreement dated 18 March 2010 made between Tiong Seng Contractors and Solid Resources Investments in relation to the acquisition of 40% of the entire equity interest in Chang De Investment by Tiong Seng Contractors pursuant to the Restructuring Exercise;

(e) The Share Swap Agreement dated 18 March 2010 made between Tiong Seng Contractors and Tiong Seng Shareholdings in relation to the acquisition of the entire equity interest in Tiong Seng Contractors by Tiong Seng Shareholdings pursuant to the Restructuring Exercise;

(f) The Sale and Purchase Agreement dated 12 March 2010 made between Tiong Seng Contractors and Chang De Investment in relation to the acquisition of the entire equity interest in Suzhou Huisheng by Chang De Investment;

(g) The Share Swap Agreement dated 18 March 2010 made between our Company and Tiong Seng Shareholdings in relation to the acquisition of the entire equity interest in Tiong Seng Contractors by our Company; and

(h) The Sale and Purchase Agreement dated 18 March 2010 made between our Company and Tiong Seng Shareholdings in relation to the acquisition of the entire equity interest in Chang De Investment by our Company.

LITIGATION

15. Save as disclosed below, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration in the last 12 months preceding the date of lodgement of this Prospectus either as plaintiff or defendant in respect of any claims or amounts which may have or have had a significant effect on our Group's profitability or financial position. As at the Latest Practicable Date, our Directors have no knowledge of any proceeding, litigation or claim of material importance which is pending or threatened against our Company or any of our subsidiaries or of any facts likely to give rise to any such litigation, arbitration or claim.

From time to time, we are subject to personal injury claims by workers who were involved in accidents at our worksites during the course, of their work. Generally, such claims are settled through our insurers pursuant to the workmen's compensation scheme where such workers opt for a claim under the common law.

In addition to the above claims which would be settled by our insurers, our Company or our subsidiaries are engaged or have been engaged in the following litigation or arbitration in the last 12 months preceding the date of lodgement of this Prospectus either as plaintiff or defendant in respect of claims or amounts which may have or have had a significant effect on our Group's profitability or financial position:

— In 2004, a claim was made by an unrelated third party against one of our Singapore subsidiaries, Tiong Seng Contractors, by way of arbitration for the sum of approximately S$2.5 million for alleged losses and damages arising from a project. In this arbitration, Tiong Seng Contractors is making a counterclaim of approximately S$0.4 million for, amongst other things, additional work that was carried out and costs spent on the rectification of defective work. The arbitration is still in progress.

MISCELLANEOUS

16. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years proceeding the date of this Prospectus.

17. Application monies received by our Company in respect of all successful applications (including successfully balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with DBS Bank (the "Receiving Bank"). There is no sharing arrangement between the Receiving Bank and our Company in respect of interest or revenue or any other benefit in respect of the deployment of application monies in the inter-bank monies market, if any. Any refund of the application monies to unsuccessful or partially successful applicants will be made without any interest or share of such revenue or other benefit arising therefrom.

18. No property has been purchased or acquired or proposed to be purchased or acquired by our Group which is to be paid for, wholly or partly, out of the proceeds from the issue of New Shares or the purchase or acquisition of which has not been completed at the date of this Prospectus, other than the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of our Group, such contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.

19. Our Directors are not aware of any event which has occurred since the end of the period covered by the audited financial statements of our Group, that is, 31 December 2008, which may have a material effect on the financial information provided in Annex F of this Prospectus.

20. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:

    (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditures;

    (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

21. We currently have no intention of changing our auditors after the listing of our Company on SGX-ST.

CONSENTS

22. The Auditors and Reporting Accountants have given and have not before the registration of the Prospectus withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the "Independent Auditors' Report on the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009" as set out in Annex F and the "Independent Review Report on the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009" as set out in Annex G, in the form and context in which they are included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

23. The Valuation Reports set out in Annex I have been prepared by the Valuer for the purpose of incorporation in this Prospectus. The Valuer has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the Valuation Reports in the form and context in which they are included and with references to their names in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

24. DBS Bank has given and has not withdrawn its written consent to be named in this Prospectus as the Manager, Underwriter and Placement Agent.

25. Each of the Legal Advisers to our Company on PRC Law and the Legal Advisers to our Company on PNG Law has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion herein of its opinion set out under the sections entitled "Interested Persons Transactions and Potential Conflicts of Interest" and "Risk Factors" respectively in the form and context in which they appear in this Prospectus and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

26. Each of the Legal Advisers to our Company on HK Law and the Legal Advisers to our Company on Lao PDR Law has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion herein of and reference to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

27. Each of the Solicitors to the Invitation, the Legal Advisers to our Company on HK Law, the Legal Advisers to our Company on Lao PDR Law, the Principal Bankers and the Share Registrar do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

RESPONSIBILITY STATEMENT BY THE DIRECTORS OF OUR COMPANY

28. This Prospectus has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no other material facts the omission of which would make any statements herein misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation, our Company and our subsidiaries.

DOCUMENTS AVAILABLE FOR INSPECTION

29. Copies of the following documents may be inspected at the registered office of our Company, during normal business hours for a period of six months from the date of registration of this Prospectus:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the material contracts referred to in paragraph 14 above;

    (c) the letters of consent referred to in paragraphs 22 to 26 above;

    (e) the Service Agreement referred to under the section entitled "Directors, Management and Staff − Service Agreement" of this Prospectus;

    (f) the Independent Auditors' Report on the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009 and the Combined Financial Statements for the Financial Years Ended 31 December 2006, 2007 and 2008 and the Six-Month Period Ended 30 June 2009 set out in Annex F of this Prospectus;

    (g) the Independent Review Report on the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009 and the Unaudited Condensed Interim Combined Financial Statements for the Three-Month and Nine-Month Periods Ended 30 September 2009 set out in Annex G of this Prospectus; and

    (h) the Valuation Reports set out in Annex I of this Prospectus.

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ANNEX A — EXTRACTS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of the Company.

Memorandum of Association

The registration number with which our Company was incorporated is (Registration No. 200807295Z).

Our Memorandum of Association states that the liability of our Shareholders is limited to the amount, if any, for the time being unpaid on the shares respectively held by them. Our Memorandum of Association also sets out the objects for which our Company was formed, including acting as a holding and investment company, and the powers of our Company, including the powers set out in the First Schedule to the Companies Act.

Articles of Association

The provisions in the Articles of Association of our Company relating to:

(a) a Director's power to vote on a proposal, arrangement or contract in which the Director is Interested

Article 100

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) the Director's power to vote on remuneration (including pension or other benefits) for himself or for any other director, and whether the quorum at an meeting of the board of Directors to vote on Directors' remuneration may include the director whose remuneration is the subject of the vote

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover, Provided that such extra remuneration (in case of an executive Director) shall not by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(c) borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Article 108

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) retirement or non-retirement of Directors under an age limit requirement

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for reelection.

Article 91

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or

(c) where the default is due to the moving of a resolution in contravention of the next following Article; or

(d) where such Director has attained any retiring age applicable to him as Director. The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

(e) the number of shares, if any, required for Director's qualification

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

(f) rights, preferences and restrictions attaching to each class of shares

Article 3

(A) Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

Article 8

(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Companies Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Article 14

Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) the date of lodgement of a registrable transfer, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

Article 34

(A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 41

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

(b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

(d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

Article 63

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 64

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 65

No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

(g) any change in capital

Article 10

The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital;

(b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

(c) convert or exchange any class of shares into or for any other class of shares; and/or

(d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

Article 11

(A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(h) any change in the respective rights of the various classes of shares including the action necessary to change the rights

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

(i) dividends and distribution

Article 123

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 124

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 125

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 126

(A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the

Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Article 127

No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

Article 128

(A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares herein before contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

Article 129

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Article 130

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 131

Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 132

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other monies payable or property distributable on or in respect of the share.

Article 133

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

(j) any limitation on the right to own Shares, including limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights on their Shares

Article 5

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

(B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) 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; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorize the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

Article 34

(A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

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ANNEX B — DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of Association (the "Articles") of the Company.

These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

ORDINARY SHARES

All of the ordinary shares of the Company are in registered form. The Company may, subject to the provisions of the Companies Act (Chapter 50) of Singapore ("Companies Act") and the rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), purchase its own ordinary shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own ordinary shares.

NEW ORDINARY SHARES

New ordinary shares may only be issued with the prior approval in a general meeting of the shareholders of the Company. The aggregate number of shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to its shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval for the time being. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new ordinary shares are under the control of the board of Directors of the Company (the "Board of Directors") who may allot and issue the same with such rights and restrictions as it may think fit.

SHAREHOLDERS

Only persons who are registered in the register of shareholders of the Company and, in cases in which the person so registered is The Central Depository (Pte) Limited ("CDP"), the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as shareholders of the Company. The Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share or of the person whose name is entered in the depository register for that ordinary share. The Company may close the register of shareholders for any time or times if it provides the SGX-ST at least ten clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. The Company typically closes the register to determine shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF ORDINARY SHARES

There is no restriction on the transfer of fully paid ordinary shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which the Company is listed. The Board of Directors may decline to register any transfer of ordinary shares which are not fully paid shares or ordinary shares on which the Company has a lien. Ordinary shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which the Company is listed. The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. The Company will replace lost or destroyed certificates for ordinary shares if it is properly notified and if the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that the Board of Directors may require.

GENERAL MEETINGS OF SHAREHOLDERS

The Company is required to hold an annual general meeting every year. The Board may convene an Extraordinary General Meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of the issued share capital of the Company may call a meeting. Unless otherwise required by law or by the Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and the Articles, a change of the corporate name and a reduction in the share capital. The Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied the Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

VOTING RIGHTS

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in the Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

DIVIDENDS

The Company may, by ordinary resolution of its shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Board of Directors. The Company must pay all dividends out of its profits and we may satisfy dividends by the issue of shares to shareholders of the Company. The Board of Directors may also declare an interim dividend without the approval of its shareholders. All dividends are paid pro rata among the shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that shareholder in respect of that payment.

CAPITALISATION AND RIGHTS ISSUES

The Board of Directors may, with approval by the shareholders at a general meeting, capitalise any profits and distribute the same as shares credited as paid-up to the shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional ordinary shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which the Company is listed.

TAKEOVERS

The Securities and Futures Act (Chapter 289) of Singapore and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares in the Company must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. "Parties acting in concert'' include a company and its related and associated companies, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial advisor and its customer in respect of shares held by the financial advisor and shares in the customer held by funds managed by the financial advisor on a discretionary basis. An offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six month period.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If the Company liquidates or in the event of any other return of capital, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

INDEMNITY

As permitted by Singapore law, the Articles provide that, subject to the Companies Act, the Board of Directors and officers shall be entitled to be indemnified by the Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. The Company may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by the Articles on the rights of non-resident shareholders to hold or vote on ordinary shares.

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:

(a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or

(b) the Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of the affairs of the Company in the future;

(c) authorise civil proceedings to be brought in the name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder's shares by the other shareholders or by the Company and, in the case of a purchase of shares by the Company, a corresponding reduction of its share capital;

(e) provide that the Memorandum of Association or the Articles be amended; or

(f) provide that the Company be wound up.

EXCHANGE CONTROLS

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

(a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and

(b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

ANNEX C — DESCRIPTION OF RELEVANT PRC LAWS AND REGULATIONS

PRC LEGAL SYSTEM

Laws, regulations and directives

The PRC legal system is based on the PRC Constitution and is made up of laws, regulations and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules and regulations enacted by the State Council and the State Council has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces, municipalities, autonomous regions and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local rules and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人民代表大会常务委员会关于加强法律解释工作的决议) passed on 10 June 1981, the Supreme People's Court has the power to give general interpretation on the application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional rules is vested in the regional legislative and administration organs which promulgate such rules. All such interpretations carry legal effect.

Judicial system

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution (中华人民共和国宪法) and the Law of the Organisation of the People's Courts of the People's Republic of China (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of people's courts at lower levels are subject to supervision of people's courts at higher levels. The people's procuratorates also have the right to exercise legal supervision over the proceedings of people's courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts adopt a two-tier final appeal system. A party may before the taking effect of a judgment or order appeal against the judgment or order of the first instance of a local people's court to the people's court at the next higher level. Judgments or orders of the second instance at the next higher level are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a final and binding judgment which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (中华人民共和国民事诉讼法) (the "Civil Procedure Law") adopted on 9 April 1991, which was amended on 28 October 2007 and was effective on 1 April 2008. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the people's courts, the procedures in conducting a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the selection is not contrary to some special requirements of jurisdiction and the jurisdiction of the people's court selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and subject to obligations as a PRC citizen or PRC legal person. A judgment or order made by a people's court or an award made by an arbitration body in the PRC may be enforced by the aggrieved party by making an application to the people's court. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months. However, from 1 April 2008, such time limit extends to two years regardless of the nature of the parties to the dispute.

A party seeking to enforce a judgment or order of a people's court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the people's courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the people's court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

Company law

The new Company Law (the 'Revised Company Law') was finally adopted by the Standing Committee of the 10th National People's Congress on 27 October 2005. The Revised Company Law will come into force on 1 January 2006.

The new Company Law was revised as below:

The Revised Company Law permits for the first time the formation of one-person limited liability companies. At the same time, to prevent the sole shareholder from taking advantage of the company's assets for his/her personal use, the Revised Company Law imposes more stringent requirements on one-person companies. For example, the minimum registered capital for a one person company is set at RMB 100,000, which must be fully paid at the time of incorporation. Also, natural persons are permitted to set up only one such company, and that company is not allowed to invest in other one-person companies. Lastly, if the shareholder fails to prove his/her assets are independent from the assets of the company, the shareholder shall be personally liable for the company's losses and damages.

A great change of the capital rules have been made. In lieu of the existing provision for the full payment of registered capital at the inception, the Revised Company Law allows the registered capital of a company to be fully contributed within 2 years after its establishment, and the registered capital of a investment company can be fully contributed within 5 years. But the minimum contribution for the company can't be less than 20% of registered capital. The minimum registered capital requirement has been lowered: for limited liability companies, from RMB 100,000 to RMB 30,000; and for companies limited by shares, from RMB 10,000,000 to RMB 5,000,000.The Revised Company Law simply stipulates that the cash contribution may not be less than 30% of the total. And investors will be allowed to contribute by such intangible assets as intellectual property rights.

Furthermore, under the Revised Company Law, a certain percentage of shareholders are entitled to bring actions against directors, supervisors and/or senior management for their violation of the laws, regulations or the company's articles of association.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the "Arbitration Law") was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty or bilateral treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement of the arbitral award is made. It was declared by the Standing Committee of the NPC at the time of accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

FOREIGN INVESTMENT

Wholly foreign-owned enterprise ("WFOE"), Sino-foreign equity joint venture ("JV") and Sino-foreign cooperative joint venture ("CJV") are governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments (中华人民共和国外资企业法), which was promulgated on 12 April 1986 and revised on 31 October 2000, and its Implementation Regulations (中华人民共和国外资企业法实施细则) promulgated on 12 December 1990 and revised on 12 April 2001, the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures (中华人民共和国中外合资经营企业法) promulgated on 1 July 1979 and revised on 15 March 2001 and the Implementation Regulations (中华人民共和国中外合资经营企业法实施条例) promulgated on 20 September 1983 and revised on 22 July 2001, the Law of the People's Republic of China on Sino-Foreign Cooperative Ventures (中华人民共和国中外合作经营企业法), which was promulgated on 13 April 1988 and revised on 31 October 2000, and its Implementation Regulations (中华人民共和国中外合作经营企业法实施细则) promulgated on 4 September 1995 and revised on 31 October 2000 (together the "Foreign Enterprises Law").

Procedures for establishment of a WFOE, JV and CJV

The establishment of a WFOE, JV and CJV will have to be approved by the Ministry of Commerce ("MOC") (or its delegated authorities). In the case of a WFOE whereby two or more foreign investors jointly apply for the establishment of a WFOE or in the case of an application for the establishment of JV or CJV, a copy of the contract between the parties must also be submitted to MOC (or its delegated authorities) for its approval and record. A WFOE, JV or CJV must also obtain a business licence from the State Administration for Industry and Commerce ("SAIC") (or its delegated authorities) before it can commence business.

Nature of WFOE, JV and CJV

A WFOE or JV is a limited liability company under the Foreign Enterprises Law as well as a legal person, whereas a CJV is a limited liability company if it obtains the capacity of a legal person. A legal person may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOC (or its delegated authorities) in accordance with relevant regulations.

Profit distribution

The Foreign Enterprises Law and other related PRC laws provides that after payment of taxes, a JV, or CJV has the discretion to allocate any portion of its after tax profits to a reserve fund and enterprise development fund, while a WFOE must make contributions to a reserve fund at a rate of not less than 10% of its after tax profits. If the cumulative total of allocated reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

The net profit that an investor receives after fulfilling its obligations under the laws and the agreement and the contract, the funds it receives at the time of the enterprise's scheduled expiration or its early termination, and such other funds may be remitted abroad in accordance with the PRC foreign exchange regulations and in the currency specified in the contract.

Acquisition of Domestic Enterprises by Foreign Investors

On 8 August 2006, the Ministry of Commerce (the "MOFCOM"), the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, the China Securities Regulatory Commission (the "CSRC") and the State Administration of Foreign Exchange collectively issued the Provisions on Acquisition of Domestic Enterprises by Foreign Investors which was came into force on 8 September 2006 ("Provision 10").

Provision 10 was supplemented by the Guidelines on Domestic Enterprises Indirectly Issuing Securities Overseas or Listing and Trading their Securities Overseas ("CSRC Guidelines") issued by CSRC on 21 September 2006.

Provision 10 provides that the application shall be made to the MOFCOM for examination and approval of the acquisition of any company inside China affiliated to a Domestic Company, enterprise or natural person, which is made in the name of an overseas company lawfully established or controlled by such Domestic Company, enterprise or natural person.

Provision 10 also provides that the overseas listing of a special purpose company on an overseas stock market must be approved by CSRC.

FOREIGN EXCHANGE CONTROL

Prior to 31 December 1993, enterprises in the PRC requiring foreign currency were required to obtain approval from the State Planning Committee and the Ministry of Foreign Trade and Economic Cooperation before it could convert RMB into foreign currency, and such conversion had to be effected at the official rate prescribed by the State Administration for Foreign Exchange ("SAFE"). RMB reserved by foreign investment enterprises could also be converted into foreign currency at swap centres with the prior examination and verification by SAFE. The exchange rates used by swap centres were largely determined by the supply of and demand for foreign currencies and RMB.

On 28 December 1993, the People's Bank of China announced that the dual exchange rate system for RMB against foreign currencies would be abolished with effect from 1 January 1994 and be replaced by the unified exchange rate system. Under the new system, the People's Bank of China publishes the

RMB exchange rate against the United States dollar daily. The daily exchange rate is set by reference to the RMB/United States dollar trading price on the previous day on the "inter-bank foreign exchange market".

On 1 April 1996, the Foreign Exchange Control Regulations of the PRC (中华人民共和国外汇管理条例) (as amended on 14 January 1997) came into effect. On 20 June 1996, the Regulations on Sale and Purchase of and Payment in Foreign Exchange (结汇、售汇及付汇管理规定) were promulgated by the People's Bank of China and came into effect on 1 July 1996. On 25 October 1998, the People's Bank of China and SAFE issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business (中国人民银行、国家外汇管理局关于停办外汇调剂业务的通知) which stated that from 1 December 1998, foreign exchange transactions for foreign investment enterprises may only be conducted at designated banks. On 9 September 2002, Notice on Further Policy and Related Issues Concerning Current Transaction Foreign Exchange Accounts of Domestic Entities (国家外汇管理局关于进一步调整经常项目外汇账户管理政策有关问题的通知) was promulgated by SAFE.

On 21 October 2005, SAFE promulgated the Notice on Issues concerning Foreign Exchange Management in Financing by PRC Residents by Overseas Special Purpose Vehicle and Return-investments (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题 的通知) ("No.75 Notice") which came into effect on 1 November 2005. No.75 Notice requires, every PRC resident who makes a contribution of assets or shares of a PRC domestic company into an overseas special purpose vehicle (SPV), to file an "overseas investment foreign exchange registration" and subsequently to amend their records in respect of the "overseas investment foreign exchange registration" with the local foreign exchange authority after the relevant contribution of assets or shares or any subsequent changes in the SPV's net assets or ownership through equity fund raising, and any equity or loan financing of a PRC domestic enterprise though an SPV.

On 6 June 2006, SAFE issued a Circular on the Revision of Certain Foreign Exchange Control Policies Relating to Overseas Investment (国家外汇管理局关于调整部分境外投资外汇管理政策的通知) ("No.27 Circular"), which came into effect on 1 July 2006. No.27 Circular provides the preliminary resources and procedures for the purchase and payment of foreign exchange required of domestic investors qualified as legal persons when investing overseas and sets out the requirements for purpose of use and the maximum amount of the preliminary costs for an overseas investment project to be remitted out of the PRC as well as the approval procedures for the remittance thereof.

On 12 August 2007, SAFE promulgated Notice On the Retaining of Foreign Exchange Earnings by Domestic Entity (关于境内机构自行保留经常项目外汇收入的通知), which provides that from 12 August 2007, domestic entity may retain its recurrent foreign exchange earnings according to their needs for operation.

On 1 August 2008, the revised Foreign Exchange Control Regulations of the PRC was adopted by the State Council and was promulgated for implementation on 5 August 2008.

In summary, taking into account the promulgation of the recent new regulations and to the extent the existing provisions stipulated in previous regulations do not contradict these new regulations, the present position under the PRC law relating to foreign exchange control are as follows:

1. The previous dual exchange rate system for RMB was abolished and a managed floating exchange rate system based largely on supply and demand with reference to a basket of currencies was introduced. The People's Bank of China, will announce the closing price of a

foreign currencies against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

2. Foreign exchange earnings of domestic entities may be transferred to China or held abroad according to the regulations stipulated by SAFE.

3. Foreign investment enterprises may have their own foreign currency account and are also permitted to retain their recurrent exchange earnings according to its needs of operation and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks.

4. Reservation or sell of capital account foreign exchange earnings to designated banks shall be approved by the foreign exchange control administration unless stated otherwise. Foreign exchange funds from capital account shall only be used according to the purpose approved by the foreign exchange control administration and the relevant competent authorities.

5. Where a foreign enterprise makes a direct investment or carries out the issuance and/or business of securities or other derivatives within the PRC, or where a domestic entity makes a direct investment or carries out the issuance and/or business of securities or other derivatives outside the PRC, it shall go through the registration procedure according to the relevant regulations stipulated by SAFE. A guarantee or a commercial loan provided to the entity outside the PRC by a domestic entity shall be subject to approval and registration with relevant foreign exchange administration. The utilizing of foreign debts by an enterprise shall be in compliance with relevant regulations and go through the foreign debt registration with foreign exchange control administration.

6. Foreign investment enterprises which require foreign exchange for their ordinary trading activities such as trade services and payment of interest on foreign debts may purchase foreign exchange from designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.

7. Foreign investment enterprises may require foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as distributing profits to their foreign investors. They can withdraw funds in their foreign exchange bank accounts kept with designated foreign exchange banks, subject to the due payment of tax on such dividends. Where the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of the resolutions of the directors on the profit distribution plan of the particular enterprise and other relevant documents, purchase foreign exchange from designated foreign exchange banks.

8. Foreign investment enterprises may apply to the Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or cooperative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met.

9. Strict supervision and control by foreign exchange control administration has been imposed upon foreign investment enterprises established in the manner of acquisitions of the PRC enterprises by foreign enterprises with PRC residents as shareholders.

THE LAND SYSTEM OF THE PRC

All land in the PRC is either State-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is State-owned, and all land in the rural areas of a city or town and all rural land are, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

National legislation

In April 1988, the PRC Constitution (中华人民共和国宪法) (as amended on 14 March 2004) was amended by the National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law of the PRC (中华人民共和国土地管理法) (as amended on 28 August 2004) was amended to permit the transfer of land use rights for value.

Under the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) ("Interim Regulations on Grant and Transfer") promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium.

Grant

PRC law draws a distinction between the ownership of land and the right to use land. Land use rights can be granted by the state to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. A premium is payable on the grant of land use rights. The maximum term for which land use rights can be granted are specified in the relevant regulations and vary from 40 to 70 years depending on the purpose for which the land is used:

Use of land	**Maximum period in years**
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Education, science, cultural, health and sports	50
Mixed and others	50

Under the Interim Regulations on Grant and Transfer, there are four methods in which land use rights may be granted, namely by agreement, tender, auction or listing-for-sale.

On 11 June 2003, the Ministry of Land and Resources of the PRC promulgated the Regulation on Transfer of State-owned Land Use Rights by Agreement (协议出让国有土地使用权规定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including industrial, commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the state, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the person who is interested will negotiate and enter into the grant contract based on the above-mentioned plan. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of tender, auction or listing-for-sale in accordance with the Regulation on Grant of State-owned Land Use Rights by Tender, Auction or Listing-for-sale (招标拍卖挂牌出让国有土地使用权规定) (the "Grant Regulations") promulgated on 9 May 2002 by the State Bureau of Land Resources of the People's Republic of China which was revised on 21 September 2007, and came into force on 1 November 2007.

Where land use rights are granted by way of tender, auction or listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Upon signing the land grant contract the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a grant premium shall be paid. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

Transfers and leases

After land use rights relating to a particular area of land have been granted by the state, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the state. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers and mortgages of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction. Under the Urban Real Estate Law and the Measures for Administration of Leases of Buildings in Urban Areas (城市房屋租赁管理办法) promulgated by the Ministry of Construction in May 1995, the parties to a lease of a building shall enter into a lease contract in writing.

The Law of the People's Republic of China on Administration of Urban Real Estate (中华人民共和国城市房地产管理法) (the "Urban Real Estate Law") was promulgated by the Standing Committee of the National People's Congress in July 1994 and amended in August 2007. Under Article 38, real property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39 of the Urban Real Estate Law, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use rights certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract: (a) where the investment or development involves building construction projects, more than 25% of the total amount of investment or development must have been made or completed; and (b) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been confirmed.

Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The state generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use right and ownership of the related buildings erected on the land and other attachments may be acquired by the state without compensation. The land user will take steps to surrender the land use rights certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal grant.

Document of Title

In the PRC, there are two registers for real estate. Land registration is achieved by the issue of a land use rights certificate by the relevant authorities to the land user. It is evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building registration is the issue of a real estate certificate to the owner. It is evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land. According to the Law of Land Administration (中华人民共和国土地管理法) (the "Land Law") (as amended on 28 August 2004) promulgated by the Standing Committee of the National People's Congress on 25 June 1986 and implemented on 1 January 1987, and the Administrative Rules on Registration of Urban Real Estate Property (Revised) (城市房屋权属登记管理办法(修正)) promulgated by the Ministry of Construction on 27 October 1997 and implemented on 1 January 1998, all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC, the above systems are maintained separately. However, in Shanghai, Shenzhen and Guangzhou, the two systems have been consolidated and a single composite real estate and land use rights certificate will be issued evidencing the ownership of both land use rights and the buildings erected on the land.

REAL ESTATE DEVELOPMENT

Foreign investment in real estate development

Under the Foreign Investment Industrial Guidance Catalogue promulgated jointly by the MOC and the National Development and Reform Commission (the “NDRC”) in November 2004, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings and international conference centres falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted.

In October 2007, the Ministry Of Commerce and the National Development and Reform Commission jointly promulgated Foreign Investment Industrial Guidance Catalogue (the “New Catalogue”) which will come into effect on 1 December 2007. Compared with the Foreign Investment Industrial Guidance Catalogue promulgated on 30 November 2004 and came into effect on 1 January 2005 (the “Old Catalogue”), (i) transactions in real estate secondary market and real estate intermediary or broker companies has been added in the New Catalogue and falls within the category of industries in which foreign investment is subject to restrictions; and (ii) development and construction of ordinary residential units has been deleted from the Old Catalogue industries in which foreign investment is encouraged and falls within the New Catalogue industries in which foreign investment is permitted.

According to the Interim Provisions on Approving Foreign Investment Project (外商投资项目核准暂行管理办法) promulgated by NDRC in October 2004, NDRC shall examine and approve foreign investment projects with total investment of US$100 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$50 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录), while the local development and reform authorities shall examine and approve the foreign investment projects with total investment less than US$100 million within the category of industries in which foreign investment is encouraged or permitted and those with total investment less than US$50 million within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue. Foreign investment projects with a total investment of US$500 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$100 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue are subject to further approval of the State Council based on the examination and approval of the NDRC.

A foreign investor intending to engage in the development and sale of real estate may establish a wholly foreign owned enterprise, joint venture or cooperative venture in accordance with the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments (中华人民共和国外资企业法), the Law of the People's Republic of China on Sino-Foreign Joint Ventures (中外合资经营企业法) or the Law of the People's Republic of China on Sino-Foreign Cooperative Ventures (中外合作经营企业法) respectively.

New Regulation on Regulating Entry and Administration of Foreign Investment in Real Estate Market

The MOC, together with five other ministries and commissions, has issued a new regulation called the Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market (关于规范房地产市场外资准入和管理的意见) (the "Opinions") on 11 July 2006. The Opinions set out new requirements and restriction on foreign investment in the real estate market and purchase of real estate properties in China by foreign institutions or individuals. Major provisions of the Opinions, which may have impact on the acquisition of PRC domestic real estate enterprises or properties in China, are as follows:

1. To develop or operate real estate in China, the foreign investor must establish a foreign investment real estate enterprise in China with a scope of business approved by the PRC authority ("Real Estate FIE") and the registered capital of the Real Estate FIE shall not be less than 50% of its total investment amount if the total investment amount is more than US$10 million.

2. Transfer of shares and project of a Real Estate FIE and acquisition of domestic real estate enterprises by foreign investors shall be examined and approved by MOC and other authorities strictly in accordance with the relevant laws, regulations and policies. The foreign investors shall produce letters guaranteeing performance of the land use rights grant contract, Permit for Construction Land Use Planning, Permit for Construction Project Planning, Permit for Commencement of Construction, land use rights certificate, documents evidencing the filing of the changes with construction (real estate) authorities and documents issued by the tax authorities evidencing payment of taxes.

3. When acquiring a domestic real estate enterprise through share transfer and other methods or acquiring the shares of the Chinese party in an equity joint venture enterprise, the foreign investor must properly settle the employees, deal with the bank facilities and make a lump sum of payment of the transfer price using its own capital.

4. Foreign investors that have invested in real estate properties without receipt of an approval certificate and a business licence shall not carry out activities of real estate development and operation.

5. A Real Estate FIE that has not received full payment of its registered capital and has not obtained the land use rights certificate or whose project development capital has not reached 35% of the total project investment shall not be permitted to process domestic and foreign loans. Foreign exchange authority shall not approve conversion of foreign borrowings of such enterprises.

6. Foreign exchange authorities shall examine and approve strictly in accordance with the requirements of the relevant regulations and the inflow and conversion of the capital to be used for purchase of properties by Real Estate FIEs and foreign institutions or individuals. Foreign capital that satisfies the requirements will be allowed to be remitted into China and be converted into RMB. RMB received from transfer of the relevant properties will be allowed to be converted through purchase of foreign currency and be remitted out of China after confirmation of compliance with the relevant laws and regulations and payment of taxes.

On 14 August 2006, General Office in the Ministry of Commerce promulgated "Circular on Thorough Implementation of the Opinions (商务部办公厅关于贯彻落实〈关于规范房地产市场外资准入和管理的意见〉有关问题的通知) (the "Circular"). The Circular, not only reiterates relevant provisions on foreign investment in real estate industry as prescribed in the Opinions, but also sets forth the definition of real estate FIE as "foreign-invested enterprise engaging in construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centres, commercial facilities, and theme parks, or, land/large-scale development aimed at the abovementioned projects.

Real estate developer

According to the Urban Real Estate Law, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Development Regulations, in addition to requirements on establishing enterprises, an enterprise which is to engage in development of real estate must satisfy the following requirements: 1) its registered capital shall be RMB1 million or more; and 2) it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer should apply for registration with the administration for industry and commerce on or above the county level. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business license. Under the Development Regulations, the real estate development authority shall examine applications for registration of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

After a newly established real estate developer reports its establishment to the real estate development authority, the latter shall issue a Provisional Qualification Certificate (暂定资质证书) to the eligible developer within 30 days of its receipt of the above report. The validity period of the Provisional Qualification Certificate is one year. The real estate development authority may extend the period according to the developer's specific operating circumstances, but the extension shall not exceed two years and the extension may not be approved if there is no development project within one year of receipt of the Provisional Qualification Certificate. The real estate developer shall apply for a Qualification Certificate for Real Estate Development Enterprise (房地产开发企业资质证书) (the "Qualification Certificate") issued by the real estate development authority within one month before expiry of the Provisional Qualification Certificate.

In accordance with the Provisions on Administration of Qualifications of Real Estate Developers (房地产开发企业资质管理规定) ("Provisions on Administration of Qualifications") promulgated by the MOC on 29 March 2000, a real estate developer shall apply for a Qualification Certificate and an enterprise may not engage in development and sale of real estate without a Qualification Certificate. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the People's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. The difference between a class 2 and class 3 qualification lies in the more stringent criteria in respect of operating experience in the industry, professional personnel and registered capital, etc of the real estate developer. For example, a real estate developer with a class 2 qualification shall fulfill the following requirements: (1) above RMB20,000,000 of registered capital; (2) over three years of operating experience in real estate development; (3) more than 150,000m^2 of building area construction, or an equivalent amount of investment in property development in the last three years; (4) full construction Quality Control pass (建筑工程质量合格率) for three consecutive years; (5) over an area of 100,000m^2 of building construction during the last year, or an equivalent amount of investment in property development; and (6) professional management team consisting no less than 20 persons, majoring in architecture, construction, finance, real estate and economy; and (7) staff in charge of the fields such as engineering technology, finance, statistics, etc. shall be equipped with mid-level professional titles or above. A developer of class 3 shall fulfill the following requirements: (1) above RMB8,000,000 of registered capital; (2) over two years of operating experience in real estate development; (3) more than 50,000m^2 of building area construction, or an equivalent amount of investment in property development in the last two years; (4) full construction Quality Control pass (建筑工程质量合格率) for three consecutive years; (5) professional management team consisting of no less than 10 persons, majoring in architecture, construction, finance, real estate and economy; and (6) staff in charge of the fields such as engineering technology, finance, statistics, etc. shall be equipped with required professional titles (职称).

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification. A class 1 real estate developer is not restricted as to the scale of real estate project to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of class 2 or lower may undertake a project with a planned GFA of less than 250,000m^2 and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government.

According to "Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (国家外汇管理局综合司关于下发第一批通过商务部备案的外商投资房地产项目名单的通知)" promulgated by the General Department of SAFE on 10 July 2007, (1) all SAFE branches shall not process any foreign debt registration application or conversion of foreign debt for any real estate FIE (including newly incorporated and injected by increased capital contribution) that has obtained Certificate of Approval from local MOFCOM authorities and completed the filing with the central MOFCOM on or after 1 June 2007; (2) all SAFE branches shall not process foreign exchange registration (or change registration), foreign exchange settlement and currency sale and conversion under capital items, for real estate FIE that has obtained Certificate of Approval from local MOFCOM authorities, yet has not successfully filed with the central MOFCOM on or after 1 June 2007.

Land for real estate development

According to the Land Law and the Regulations for the Implementation of the Law of the People's Republic of China on Land Administration (中华人民共和国土地管理法实施条例) promulgated by the State Council in December 1998, the State regulates and controls the usage of land, the land register and record system and the land certificate issuing system. When there are approved construction projects which involve the use of State-owned land, the construction entity should first apply to those county level or higher land administration authorities who have the authorisation for the construction land use approval and hand in the documents that prescribed in law and regulations. After the examination of the land administration authorities, the application must be reported to and approved by the same level government. Whereas occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, the examination and approval procedures in this regard shall be required.

The Urban Real Estate Law provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by grant.

The Urban Real Estate Law expressly provides, "Grant of land use right may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by public auction or tender wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible". On 30 April, 2001, the State Council promulgated a Notice on Strengthening the Administration of State-owned Land (关于加强国有土地资产管理的通知) ("Notice"), which stipulates that State-owned land use rights shall as far as possible be sold by public auction or tender. The Notice further stipulates as follows, "The supply of State-owned land shall be made known to the public unless State security or confidentiality requirements are involved. If, after a supply schedule of land for commercial development and other uses is announced, there are two or more prospective investors who intend to develop the same land parcel, the relevant land parcel shall be made available to the market by the government at the municipal or county levels through tender or public auction. The tender and public auction of State-owned land use rights shall be conducted openly."

The Grant Regulations stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with grant of State-owned land use rights by competitive bidding and public auction. Pursuant to the Grant Regulations, land for industrial use, commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or listing-for-sale and, in the event that a land parcel for uses other than commerce, tourism, entertainment and commodity residential development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforesaid regulations, the grantor shall prepare the documents for public auction, competitive bidding or listing-for-sale and shall make an announcement 20 days prior to the day of public auction, competitive bidding or listing-for-sale to announce the basic particulars of the land parcel and the time and venue. The grantor shall conduct a qualification verification of the applicants for public auction, competitive bidding or listing-for-sale, accept an open public bidding to determine the winning tender; or hold an auction to ascertain a winning bidder. The grantor and the winning tender or winning bidder shall then enter into a confirmation, and the grantor and the winning tender or winning bidder shall then enter into a contract for State-owned land use right grant.

The real estate development should be in accordance with the provisions of the land use rights grant contract on the usage of the land and commencement date of the project. When a project is not commenced within one year since the date of commencement stipulated in the land use rights grant contract, idle land fees of not more than 20% of the land grant fee may be imposed on the developer. If the delay is more than two years, the land use right may be forfeited by the government without any refund.

On September 8, 2007, the Ministry of Land and Resources ("MOLAR") promulgated the Circular on Reinforcing Disposition of Unused Land (关于加大闲置土地处置力度的通知) ("MOLAR Circular"). The MOLAR Circular urges all levels of land authorities to speed up the disposition of unused construction land and to provide status reports on such land to MOLAR before the end of June 2008. It also provides that owners of unused construction land will be charged a fee equal to 20% of the land grant/allocation fee for their land. Finally, the MOLAR Circular emphasizes the enforcement of the current law, which states that land designated for construction that has been unused for more than two years from the construction commencement date stated in the land grant contract will be forfeited without compensation. Concerning payment of land grant fees, the MOLAR Circular reiterated that a land use right certificate may not be issued prior to the full payment of these fees. The issuance of land use right certificates in separate phases according to the percentage of paid-in land grant fees is also prohibited.

On 18 November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC and the Ministry of Supervision and the National Audit Office collectively promulgated a Notice on Further Strengthening Management on Income and Expenditure in Land Grant (关于进一步加强土地出让收支管理的通知), pursuant to which, land grant fees are to be fully paid within one year of the land grant contract with the initial payment to be no less than 50% of the land grant fees. Upon approval by the relevant authorities, land grant fees of the particular project could be fully paid within two years.

On 8 March 2010, the Ministry of Land and Resources promulgated a Notice on Further Strengthening Supply and Supervision of Lands for Real Estate (关于加强房地产用地供应和监管有关问题的通知) pursuant to which, a grant contract shall be signed within ten work days after the land grant is agreed, 50% of the land grant fees shall be fully paid as initial payment within one month after the grant contract is signed, and the remainder of the land grant fees shall be paid in time as agreed in the contract and fully paid within one year. In grant contract, terms that shall be clearly stipulated include land area, usage, volume ratio, construction intensity, dwelling area and proportion, deposit, delivery time and method, payment time and method, commencement and completion time for construction and detailed confirmation standards, and breach liability handling. Where the grantee does not sign the contract within the aforementioned time limit, the land grant shall be terminated with the deposit not being refunded. Where the contract has been signed but the land grant fees are not paid, the land shall be withdrawn.

Laws and regulations relating to a real estate development

A summary of the key PRC laws and regulations which apply to the real estate development process is set out in the table below:

Real estate development process	Key applicable laws and regulations
Acquisition of land	• Rules regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-Sale (招标拍卖挂牌出让国有建设用地使用权规定) • Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) • Law of the People's Republic of China on Administration of Urban Real Estate (中华人民共和国城市房地产管理法)
Project Planning and Pre-construction	• Law of the People's Republic of China Urban and Rural Planning (中华人民共和国城乡规划法) • Regulations on Administration of Urban Real Estate Development (城市房地产开发经营管理条例) • Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) • Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例)
Construction	• Measures for Administration of Granting Permission for Commencement of Construction Works (建筑工程施工许可管理办法) • Property Development and Municipal Facilities Construction Tender Management Regulations (房屋建筑和市政基础设施工程施工招标投标管理办法) • Regulations on Administration of Urban Real Estate Development (城市房地产开发经营管理条例)
Pre-sales and Sales	• Law of the People's Republic of China on Administration of Urban Real Estate (中华人民共和国城市房地产管理法) • Provisions on Administration of Transfer of Urban Real Estate (城市房地产转让管理规定) • Measures for Administration of Sale of Commodity Buildings (商品房销售管理办法) • Measures for Administration of Pre-completion Sale of Urban Commodity Buildings (城市商品房预售管理办法)

Completion

- Regulations on Administration of Urban Real Estate Development (城市房地产开发经营管理条例)
- Measures for the Administration of the Completion and Inspection Filing of Building Construction and the Municipal Infrastructure Facilities (房屋建筑和市政基础设施工程竣工验收备案管理办法)
- Interim Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities Work (房屋建筑工程和市政基础设施工程竣工验收暂行规定)

Acquisition of land

The Urban Real Estate Law and the Development Regulations provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land use rights for a site intended for real estate development shall be obtained through grant.

Under the Interim Regulations on Grant and Transfer, a system of grant and transfer of the right to use State-owned land is adopted. A land user shall pay a land grant fee to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a land use rights grant contract with the land user to provide for the grant of land use right. The land user shall pay the land grant fee as provided by the land use rights grant contract. After payment in full of the land grant fee, the land user shall register with the land administration authority and obtain a land use right certificate which evidences the acquisition of land use rights.

Prior to the acquisition of land use rights, a real estate developer may carry out a feasibility study for a proposed construction project on the land to be acquired. When carrying out the feasibility study for a proposed construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the Measures for Administration of Examination and Approval for Construction Sites (建设用地审查报批管理办法) and the Measures for Administration of Preliminary Examination of Construction Project Sites (建设项目用地预审管理办法) promulgated by the Ministry of Land and Resources in March 1999 and in July 2001 respectively and which were amended in October 2004. After receiving the preliminary application, the land administration authority shall carry out preliminary approval of various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary approval report in respect of the project site. The preliminary approval report is the requisite document of approval for the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land use right grant contract with the land user and issue an Approval for Construction Site (建设用地批准书) to the construction entity.

Project Planning and Pre-construction

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets. Under the State Council's Notice on Stringent Control Over High Class Real Estate Development Projects (国务院关于严格控制高档房地产开发项目的通知) issued by the State Council in May 1995, for a high class real estate project with a gross area of more than 100,000m^2 or totals investment of more than RMB200 million or a foreign invested high class real estate project with total investment of US$30 million or more, the project proposal and commencement of works shall be subject to approval of the State Development Planning Commission (now known as NDRC). For a high class real estate project with a gross area of more than 20,000m^2 but less than 100,000m^2 or total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval of the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and then a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US$100 million is subject to approval of the State Council based on the recommendation of the State Development Planning Commission.

Under the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) promulgated by the MOC in December 1992, the grantee to a land use rights grant contract, i.e. a real estate developer, shall legally apply for a Permit for Construction Land Use Planning (建设用地规划许可证) from the municipal planning authority with the land use rights grant contract, which permits use planning for the land to be developed by the real estate developer.

After obtaining a Permit for Construction Land Use Planning, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the Law of the People's Republic of China on Urban and Rural Planning (中华人民共和国城乡规划法), promulgated by the Standing Committee of the National People's Congress on 28 October 2007, and local statutes on municipal planning must be followed and a Permit for Construction Project Planning (建设工程规划许可证) must be obtained from the municipal planning authority.

In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例), which were promulgated by the State Council on 13 June 2001, upon obtaining approvals for a construction project, Permit for Construction Land Use Planning and approvals for State-owned land use rights, demolition and relocation plan and proof issued by a financial institution handling deposit business relating to the demolition and relocation compensations, a real estate development organisation may apply to the municipal, or county people's government of the place where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district on county) for a Property Demolition and Removal Permit (房屋拆迁许可证). Upon granting an approval and issuing a Property Demolition and Removal Permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the Property Demolition and Removal Permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the Property Demolition and Removal Permit, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and resettlement in respect of the demolition and removal. If the demolition and removal party, the parties subject to demolition and removal and the housing lessee cannot reach an agreement, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may initiate proceedings in the People's Court within three months after the service of the ruling. Pursuant to law, if the demolition and removal party has provided housing to the party subject to demolition and removal or the party subject to demolition and removal has provided housing to a lessee, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to Regulations for the Administration of Demolition and Removal of Urban Housing, compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of property rights. If the monetary compensation method is used, the amount of compensation shall be determined according to the location, uses and the gross area of the housing to be demolished on the basis of the real property market price. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. If property right exchange is used, the demolition and removal party and the part subject to demolition and removal shall, on the basis of the real property market price and the location, uses and the gross area of the housing to be demolished, calculate the amount of compensation which shall be made for the housing to be demolished, the real property market price of the housing to be exchanged for the housing to be demolished, and determine the difference between the two.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary allocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim period, the demolition and removal party need not to pay the temporary allocation allowance.

Construction

After a real estate developer has obtained the Permit for Construction Land Use Planning and the Permit for Construction Project Planning, the site is ready for the commencement of construction works, the progress of demolition and relocation of existing buildings complies with the relevant requirements and funds for construction are available, the real estate developer shall apply for a Permit for Commencement of Construction (建筑工程施工许可证) from the construction authority under the local people's government above the county level in accordance with the Measures for Administration of Granting Permission for Commencement of Construction Works (建筑工程施工许可管理办法) promulgated by the MOC in October 1999 and as amended in July 2001.

Under the Property Development and Municipal Infrastructure Facilities Construction Tender Management Regulations (房屋建筑和市政基础设施工程施工招标投标管理办法) (the "Tender Regulations") promulgated in June 2001 which states that a Tender Appraisal Committee should be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by our Group shall include our representatives and relevant specialists selected by our Group from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to RMB2 million or more or the total investment of the project is RMB30 million or more, the developer is required to undertake a bidding process for the award of the construction contracts. Our Group will set the tender conditions according to the written tender report provided by the Tender Appraisal Committee, and after the tender, our Group (through a subsidiary) and the successful tenderer shall sign a written contract according to the terms of the tender. The quality and timeliness of the construction are usually warranted in these contracts. Typically, these construction contracts provide for progress payments to be made by our Group to the construction companies at agreed phases of completion of the constructions works.

The Development Regulations also provide that a real estate developer shall record in the Real Estate Development Project Manual (房地产开发项目手册) any major event which occur during the course of construction and periodically submit the same to the real estate development authority for its records.

Pre-sales and sales

Commodity buildings are buildings for sale and include residential and commercial properties. Under the Measures for Administration of Sale of Commodity Buildings (商品房销售管理办法) promulgated by the MOC in April 2001, sale of commodity buildings can include both post-completion and pre-completion sales. Commodity buildings may be put to post-completion sale only when the pre-conditions for such sale have been satisfied. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of pre-conditions for post-completion sale to the real estate development authority for its record.

Any pre-completion sale of commodity buildings shall be conducted in accordance with the Measures for Administration of Pre-completion Sale of Commodity Buildings (城市商品房预售管理办法) ("Pre-completion Sale Measures") promulgated by the MOC in July 2004, and the Development Regulations. The Pre-completion Sale Measures provides that pre-completion sale of commodity buildings is subject to certain procedures. According to the Development Regulations and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain a Permit for Pre-completion Sale of Commodity Buildings (商品房预售许可证) (the "Pre-sale Permit"). A commodity building may only be sold before completion provided that: 1) the land grant fee has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; 2) a Permit for Construction Project Planning and a Permit for Commencement of Construction have been obtained; and 3) the funds invested in the development of the commodity buildings put to pre-completion sale represent 25% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained. In addition, in Guangzhou, the following conditions for grant of the Pre-sale Permit would also apply: (i) for commodity properties of seven storeys or less, the construction of the structure of the building has been completed with the top floor sealed; and (ii) for commodity properties of more than seven storeys, the construction of the structure of the building should be two-third completed. Pre-completion sale of commodity buildings can only be carried out after the Pre-sale Permit has been obtained.

Under the Pre-completion Sale Measures and Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Completion

Pursuant to the Development Regulations and the Measures for the Administration of the Completion and Inspection Filing of Building Construction and the Municipal Infrastructure Facilities (房屋建筑和市政基础设施工程竣工验收备案管理办法) promulgated by the MOC in April 2000 and amended by the Ministry of Housing and Urban-Rural Development in October 2009 and the Interim Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities

Work (房屋建筑工程和市政基础设施工程竣工验收暂行规定) promulgated by the MOC on 30 June 2000, after the completion of the real estate development project, the real estate developer should apply for the project completion and inspection to the county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection is conducted or without passing such completion inspection. For residential housing or other building complex project, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer should register the project completion inspection and acceptance within 15 days from the pass of the completion inspection.

Pursuant to the Urban Real Estate Law, the ownership of the properties and the relevant land use right should be transferred simultaneously. In the event that the purchasers acquire the property ownership certificates, the real estate development enterprises are no longer entitled to the relevant land use right.

Transfer of real estate

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate (城市房地产转让管理规定) promulgated by the MOC on 7 August 1995 and amended in August 2001, a real estate owner may sell, give as gift or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred concurrently. The parties to a transfer shall enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: (1) the land grant fee has been paid in full for the grant of the land use rights as provided by the land use rights grant contract and a land use right certificate has been obtained; (2) development has been carried out according to the land use rights grant contract; and in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed, or in case of a whole land lot development project, construction works has been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate shall be the balance of the original term provided by the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the usage of the land provided in the original land use rights grant contract, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract shall be signed in order to, *inter alia*, adjust the land grant fee accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. After the People's government vested with the necessary approval power approves such a transfer, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Warranty and Maintenance of Buildings

Under the Construction Law of the People's Republic of China (中华人民共和国建筑法) promulgated by the Standing Committee of the National People's Congress on 1 November 1997, Measures on Administration of Sale of Commodity Buildings promulgated by the MOC in April 2001, Rules on the Implementation of the System on Residence Quality Guarantee and Residence Usage Specification (商品住宅实行住宅质量保证书和住宅使用说明书制度的规定) promulgated by the MOC on 12 May 1998, Regulations on Quality Management of Construction Projects (建设工程质量管理条例) promulgated by the State Council on 30 January 2000, when a real property developer delivers newly built residential houses, it should provide the Residence Usage Specification and Residence Quality Guarantee. The Residence Quality Guarantee is the legal document stipulating the warranty and maintenance obligations a real property developer should bear for the already sold residential houses and it can be a supplementary agreement to the Commodity House Purchase Contract.

According to Measures on the Warranty and Maintenance of Building Construction Projects (房屋建筑工程质量保修办法) promulgated by the MOC on 30 June 2000 and other laws, regulations, under the natural usage, the warranty and maintenance period to different parts of the construction projects should not be shorter than the following:

(1) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;

(2) five years for the waterproof project of the surface, the toilet and rooms having waterproof requirements, the leakage prevention of the outside metope;

(3) two heating periods/cooling periods for the heating and cooling system;

(4) two years for the electrical and gas pipeline, water supply pipe and drainpipe, equipment fixing;

(5) two years for the fitment project.

The warranty and maintenance period of other parts may be determined by parties at their discretion.

Property development loans

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商业银行房地产贷款风险管理指引) issued by China Banking Regulatory Commission in September 2004, commercial banks may not provide any loan in any form for a project without the land use rights certificate, Permit for Construction Land Use Planning, Permit for Construction Project Planning and Permit for Commencement of Construction. Pursuant to the Development Regulations and the Circular of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries (关于调整部分行业固定资产投资项目资本金比例的通知) promulgated by the State Council in April 2004, the capital ratio of the real estate development projects has been increased from 20% to 35%. Accordingly, any real estate developer applying for property development loans shall have at least 35% of capital required for the development and commercial banks should maintain a strict loan system for considering applications for property development loans.

In addition to the above, a foreign investor engaged in real estate development or operating real estate in China would have to establish a foreign investment real estate enterprise in China with a registered capital of not less than 50% of its total investment amount if the total investment amount is more than US$10 million, and shall not be permitted to process domestic and foreign loans if it has not received full payment of its registered capital or has not obtained the land use rights certificate or whose project development capital has not reached 35% of the total project investment, pursuant to the new regulation Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market (《关于规范房地产市场外资准入和管理的意见》) issued on 11 July 2006. Please refer to the section "New Regulation on Regulating Entry and Administration of Foreign Investment in Real Estate Market" of this Appendix for further details of the new regulation.

In accordance with the Notice Regarding Adjusting Capital Proportion of Fixed Assets Investment Project (国务院关于调整固定资产投资项目资本金比例的通知) promulgated by the State Council Office on 25 May 2009, the minimum capital proportion for low-income housing projects and commercial housing projects is 20%, and the minimum capital proportion for other types of property development projects is 30%.

Mortgages of real estate

Under the Urban Real Estate Law and the Measures for Administration of Mortgages of Urban Real Estate (城市房地产抵押管理办法) promulgated by the MOC on 9 May 1997 and amended in August 2001, when a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a Building Ownership Certificate (房屋所有权证) has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and then issue a Certificate of Third Party Rights to a Building (房屋他项权证) to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

Restrictions on the grant of residential development loans and individual property purchase loans by banks

According to the Notice of the PBOC on Regulating Residential Property Financing Business (中国人民银行 关于规范住房金融业务的通知) promulgated by the PBOC in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial flat loans:

1. Housing development loans from banks shall only be granted to real estate development enterprises with adequate development assets and higher credit ratings. Such loans shall be offered to residential projects with good market potential. The project itself must have been issued with a land use rights certificate, Permit for Construction Land Use Planning (建设用地规划许可证), Permit for Construction Project Planning (建设工程规划许可证) and Permit for Commencement of Construction (建设工程施工许可证).

2. In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "Mortgage Ratio") shall never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the said property must have achieved the phase of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise buildings.

3. In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial flat already completed.

The People's Bank of China (中国人民银行) issued the Circular on Further Strengthening the Management of Loans for Property Business (中国人民银行关于进一步加强房地产信贷业务管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

1. Property development loans should be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers with commodity houses of high vacancy rate and debt ratio, strict approval procedures shall be applied for their new property development loans and their activities shall also be in the focus of attention.

2. Commercial banks shall not grant loans to property developers to pay off land premium.

3. Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the first installment shall be increased.

4. When a borrower applies for mortgaged loan of individual commodity house, the Mortgage Ratio shall not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity house shall be duly completed and inspected.

In the Circular on Facilitating the Continuously Healthy Development of Property Market (国务院关于促进房地产市场持续健康发展的通知) issued by the State Council in August 2003, a series of measures are implemented for the government to control the property market. They include, but are not limited to, strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. In addition, the government also implemented a series of measures relating to the provision of loans for housing development. They include, but are not limited to, putting more effort at provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitor of property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating the continuous growth of the property market.

On 23 May 2007, Ministry of Commerce and SAFE promulgated "Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (关于进一步加强、规范外商直接投资房地产业审批和监管的通知)", as summarized below:

1. Impose strict control on acquisition or investment on domestic real estate enterprises by way of return investment (including same effective controller). Foreign investors shall not change the domestic effective controller for the purpose of circumventing approval procedure related to foreign-invested real estate;

2. In real estate FIE, Chinese investors parties shall not, in any way, enter into provisions of warranty with regard to allocating fixed turns, express or disguised, to any party;

3. Real estate FIE incorporated upon approval by local approval bodies should be filed to MOFCOM immediately;

4. Foreign exchange administration bodies, designated foreign exchange banks shall not process sale and settlement of foreign exchange under capital items, for real estate FIE that fail to complete filing procedure with MOFCOM or to pass joint inspection fore foreign-invested enterprises.

PBOC and China Banking Regulatory Commission jointly issued Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的通知) and the Supplemental Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的补充通知) (collectively, the "Notices") on 27 September 2007 and 5 December 2007 respectively. The Notices puts forward requirements on the titled subject matter, for the purposes of strengthening loan management in association with (i) real estate development, (ii) land reserve, (iii) housing consumption and (iv) purchase of commerce building, together with credit enquiry in real estate credit management, monitoring of real estate loan, risk management and so forth.

Pursuant to the Notices, Commercial banks shall not grant loans, in any form, to (i) project where its capital fund (owner's equity) constitutes a ratio less than 35%, or, project without land use right certificate, permit for construction land planning, permit for construction project planning and permit for project commencement; to (ii) real estate development enterprise that has been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. Also, commercial banks are not allowed to either accept commodity building with a vacancy exceeding three years as collateral or grant to real estate development enterprise any sums of loans to serve as land grant premium.

In respect of loan for individual housing consumption, commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity buildings with topped-off main structures. Where an individual purchases the first set of commodity apartment for self residence purpose, (i) of a construction area below $90m^2$, the initial payment ratio (the "Initial Ratio") shall be fixed at no less than 20% (including RMB and foreign currency loans, idem. hereinafter); (ii) of a construction area above $90m^2$, the Initial Ratio shall be fixed at no less than 30%. Where an individual and his/her families (which would include husband and wife and their minor offsprings) has purchased commodity apartment by means of such loan, and proceeds to purchase a second set (inclusive) or more, the Initial Ratio shall be no less than 40% and the interest rate shall not be under 110% of the benchmark interest rate as announced by PBOC during same period and in same bracket. Further, the Initial Ratio and the interest rate shall both multiply substantially with the increase with the sets of purchase and the increase percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the repayment expense for housing loan per month shall not exceed 50% of the individual borrower's monthly income.

In respect of commerce building loan, commerce buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the Initial Ratio shall be no less than 50%, the loan term shall not exceed ten years and the interest rate shall not be under 110% of the benchmark interest rate as announced by PBOC during same period and in same bracket, while the Initial Ratio, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. Where loan application is made in the name of "commerce and residence building", the Initial Ratio shall be no less than 45%; the loan term and the interest rate shall be arranged according to relevant regulations on loan management of commerce building.

According to the Circular on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知), with effect from 27 October 2008, the minimum rate for commercial individual housing loan has been decreased to 70% of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20% of the purchase price. Financial institutions may give favourable terms for interest rate and down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan application for non-owner-occupied, non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50% of the borrower's monthly income remains unchanged.

On 20 December 2008, the State Council Office promulgated the Various Opinions on Promoting the Healthy Development of Real Estate Market (关于促进房地产市场健康发展的若干意见). Commercial banks shall, according to the principles and supervision requirements for credit, (i)increase credit support for the construction of small or medium-sized ordinary commodity properties at low or medium price, especially projects under construction; and (ii) provide financing support and relevant financial services for the projects relating to merger or reorganisation by competent and reputable real estate development enterprises.

In addition, according to the Notice on Promoting the Steady and Healthy Development of Real Estate Market (关于促进房地产市场平稳健康发展的通知) promulgated by the State Council Office on 7 January 2010, the PRC government will continue to maintain tight lending requirements for consumers for the purchase of additional properties.

Real estate management

Pursuant to the Regulations on Property Management (物业管理条例) promulgated by the State Council in June 2003 and amended on 26 August 2007 and the Regulation on Administration of Property Management Enterprise Qualification (物业服务企业资质管理办法) promulgated by the MOC in March, 2004 and amended on 26 November 2007, a real estate management enterprise shall undergo an assessment of its qualifications by the qualification approval authority. An enterprise which passes such a qualification assessment will be issued a Qualification Certificate evidencing the qualification classification by the authority. No enterprise may engage in real estate management without undergoing the qualification assessment conducted by the authority and then obtaining a Qualification Certificate.

The amended Property Management Regulations expand the rights of owners within those developments in several ways:

First, property owners are given final say on renovation and reconstruction decisions (including parking areas, elevators, storage rooms, and pipes). Previously, developers and property managers had the right to make most of these decisions.

Second, property owners are given more authority concerning owners' voting rights. Previously owners' voting rights for the initial owners' meeting were decided by the local government, by taking into account the construction area, the number of units, and other factors. Pursuant to the new Property Management Regulations, owners themselves determine the distribution of voting rights.

Third, the amendments change the quorum requirements for owners' meetings. Previously, (i) quorum for an owners' meeting required the presence of owners who collectively held a majority of the entire voting rights, and (ii) decisions at owners' meeting were adopted by the affirmative vote of owners representing either a majority or two-thirds of the voting rights, depending on the nature of the matter. Now (x) quorum for an owners' meeting requires the presence of a majority of owners who collectively occupy a majority of the total construction area, and (y) decisions will be adopted only upon the affirmative vote of either a majority or two-thirds of the owners occupying a majority or two-thirds of the total construction area of the entire property, respectively, depending on the nature of the matter.

Fourth, the new Property Management Regulations state that owners are bound by the decisions passed at owners meetings and by owners' committees. However, should the decision at an owners' meeting or by an owners' committee infringe upon an owner's legal rights, the new Property Management Regulations grant such affected owner recourse through the courts to apply for the rescission of the decision.

Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. However, PRC commercial banks may require the real estate developer to purchase insurance if the commercial bank intends to grant a development loan to the real estate developer. According to the Notice on the Issuance of two Regulations on the Administration of Real Property Loan (中国银行关于印发两个房地产贷款管理办法的通知) issued by the Bank of China on 21 May 1998, the borrower of a development loan shall take designated insurance as required by the lender from the insurance company before the signing of the loan agreement.

Major taxes applicable to real estate developers

Business Tax

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax (中华人民共和国营业税暂行条例) promulgated by the State Council in December 1993 and amended in November 2008, the tax rate of the transfer of immovable properties, buildings and other attachments to land is 5%.

Land Appreciation Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) (the "Provisional Regulations") promulgated by the State Council on 13 December 1993 and effected on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中华人民共和国土地增值税暂行条例实施细则) (the "Detailed Implementation Rules") which was promulgated and effected on 27 January 1995, any appreciation amount gained from taxpayer's transfer of property shall be subject to land appreciation tax. Land appreciation tax is calculated based on a 4-band excess progressive tax rate: for the portion with appreciation not exceeding 50% of the deductible amount, the applicable tax rate is 30%; the applicable tax rate for the portion with appreciation exceeding 50% but not exceeding 100% of the deductible amount is 40%; the applicable tax rate for the portion exceeding 100%, but not exceeding 200% of the deductible amount is 50%; the applicable tax rate for the portion exceeding 200% of the deductible amount is 60%. The related deductible items aforesaid include the following:

— amount paid for obtaining the land use right;

— costs and expenses for development of land;

— costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;

— related tax payable for transfer of property; and

— other deductible items as specified by the Ministry of Finance.

According to the requirements of the Provisional Regulations, the Detailed Implementation Rules and the Notice issued by the Ministry of Finance in respect of the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts signed before 1 January 1994 (关于对一九九四年一月一日前签订开发及转让合同的房地产征免土地增值税的通知) which was announced by the Ministry of Finance on 27 January 1995, Land Appreciation Tax shall be exempted under any one of the following circumstances:

(1) Taxpayers constructing ordinary standard residences for sale (i.e. residences built in accordance with the local standard for general civilian-use residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residences), where the appreciation amount does not exceed 20% of the sum of deductible items;

(2) Real estate taken over and repossessed according to laws due to the construction requirements of the State;

(3) Due to re-deployment of work or improvement of living standard, individuals transferring residential property which such individuals have been living in for five years or more, after obtaining tax authorities' approval;

(4) Real estate transfers which were signed before 1 January 1994, regardless of when the properties were transferred; or

(5) Either when the real estate development contracts were signed or when the project proposal has been approved before 1 January 1994 and that capital was injected for development in accordance with the conditions agreed, the Land Appreciation Tax shall be exempted if the properties are transferred within five years after 1 January 1994 for the first time. The date of signing the land transfer agreement shall be the date of signing the real estate development contract. Particular real estates projects which are approved by the government for the development of the whole piece of land and long-term development, of which the properties are transferred for the first time after the five-year tax-free period, after auditing being conducted by the local financial and tax authorities, and approved by Ministry of Finance and State Taxation Bureau, the tax-free period would then be appropriately prolonged.

On 24 December 1999, the Ministry of Finance and the State Taxation Bureau issued the Notice in respect of the extension of the period for the Land Appreciation Tax Exemption Policy (关于土地增值税优惠政策延期的通知) that extended the period for the Land Appreciation Tax exemption policy as mentioned in paragraph (5) hereinabove to the end of 2000.

After the enactment of the Provisional Regulations and the Detailed Implementation Rules, due to the longer period for the real estate development and transfer, many districts, while they were implementing the regulations and rules, did not force the real estate development enterprises to declare and pay the Land Appreciation Tax. Therefore, in order to assist the local tax authorities in the collection of Land Appreciation Tax, the Ministry of Finance, State Taxation Bureau, MOC and State Land Administration Bureau had separately and jointly issued several notices to restate the following: After real estate transfer agreements are signed, the taxpayers should declare the tax to the local tax authorities where the real estates are located, and pay the Land Appreciation Tax in accordance with the amount as calculated by the tax authority and the time as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority shall not process the relevant title change procedures, and shall not issue the real estate title certificate.

The State Taxation Bureau also issued the Notice in respect of the Serious Handling of Administration Work in relation to the Collection of Land Appreciation Tax (国家税务总局关于认真做好土地增值税征收管理工作的通知) on 10 July 2002 to request local tax authorities (i) to modify the management system of Land Appreciation Tax collection and operation details; (ii) to build up a sound taxpaying declaration system for Land Appreciation Tax; and (iii) to modify the methods of pre-levying for the pre-sale of real estates. That notice also pointed out that for real estate development contracts which were signed, or where the project proposal was approved, before 1 January 1994 and capital has already been injected for development, the Land Appreciation Tax exemption for properties which are transferred within five years from 1 January 1994 for the first time would expire, and such tax shall be levied again.

According to the Circular on Several Issues of the Levy and Administration of Land Appreciation Tax (关于土地增值税若干征管问题的通知) promulgated jointly by the State Administration of Taxation and the State Land Administration Bureau on 10 January 1996 and the Circular on Issues related to the Administration and Levy of the Land Appreciation Tax (关于土地增值税征收管理有关问题的通知) promulgated by the State Administration of Taxation and the MOC in April 1996, the taxation authorities all over the country should establish a whole system of the levy and administration of the land appreciation tax in accordance with the related regulations and the above two circulars.

On 28 December 2006, the State Taxation Bureau issued the Notice to Regulate the Land Appreciation Tax Settlement of Real Estate Development Enterprise (国家税务总局关于房地产开发企业土地增值税清算管理有关问题的通知) (the "Notice"), which further regulates the settlement procedures and conditions of Land Appreciation Tax, and stipulates that Land Appreciation Tax shall be settled on a project basis or, for development projects which are developed in phases, on a phase by phase basis. The Notice also stipulates that the Land Appreciation Tax for ordinary standard residences and non-ordinary residences shall be determined differently

The Notice stipulates that real estate development enterprises shall settle Land Appreciation Tax where:

(i) the construction and sale of the real estate project is completed;

(ii) a real estate project which has not been completed and on which settlement of Land Appreciation Tax has not been conducted is transferred; and

(iii) the land use right is transferred directly.

In addition, the relevant PRC tax authority may require a real estate development enterprise to settle the Land Appreciation Tax in the following circumstances:

(i) The real estate project has passed completion inspection, the aggregate GFA which has been transferred has exceeded 85% of the aggregate sellable GFA, or, where such proportion is less than 85%, the remaining sellable GFA has been leased or reserved for self-use;

(ii) The real estate development enterprise has obtained and held the Pre-Sale Permit for three years and has not completed the sales of the real estate project; and

(iii) The real estate development enterprise has applied to revoke its tax registration before settling the Land Appreciation Tax;

(iv) In any other circumstances stipulated by the relevant provincial tax authorities.

Where the real estate development enterprise utilises its properties for the purpose of staff welfare, award, investment, allotment to shareholders, etc., which results in the transfer of property ownership, Land Appreciation Tax shall be levied accordingly. However, if the real estate development enterprise reserves some of the properties for its own use, for lease or other commercial purposes, and the property ownership remains unchanged, Land Appreciation Tax shall not be levied.

If a real estate development enterprise transfers its properties after it has settled the Land Appreciation Tax, it shall also be required to declare and pay Land Appreciation Tax accordingly.

Deed Tax

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council in July 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be the obliged taxpayer for deed tax. The rate of deed tax is 3% — 5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the foresaid range, determine and report their effective tax rates to the Ministry of Finance and State Administration of Taxation for the record.

Land Use Tax

Pursuant to the Interim Regulations of the People's Republic of China on Land Use Tax in respect of Urban Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. According to the Notice issued by the Ministry of Finance (财政部关于对外商投资企业和外国企业在华机构的用地不征收土地使用税的通知) on 2 November 1988, land use tax is not applicable to land used by foreign investment enterprises and foreign enterprises in China. On 31 December 2006, the State Council amended the Interim Regulations of the People's Republic of China on Land Use Tax in respect of Urban Land, which stipulated that commencing from 1 January 2007, the land use tax shall be applicable to all foreign investment enterprises and foreign enterprises that use land in China, and the annual land use tax rate shall be revised to a higher rate but within the ranges as set out below:

Metropolis	:	RMB1.5 per m^2 to RMB30.0 per m^2
Medium-sized city	:	RMB1.2 per m^2 to RMB24.0 per m^2
Small city	:	RMB0.9 per m^2 to RMB18.0 per m^2
Town, county	:	RMB0.6 per m^2 to RMB12.0 per m^2

The provincial government shall determine the applicable tax rate within the foregoing criteria.

Buildings Tax

Under the Interim Regulations of the People's Republic of China on Buildings Tax (中华人民共和国房产税暂行条例) promulgated by the State Council in September 1986, buildings tax shall be 1.2% calculated on the basis of the original value of a building discounted by 10% to 30%, and 12% of the rent proceeds if the building is leased. Such buildings tax shall be applicable to PRC domestic enterprises.

Stamp Duty

Under the Interim Regulations of the People's Republic of China on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council in August 1988, stamp duty shall be levied at the rate of 0.05% of the amounts stated therein for all building transfer instruments, including those relating to property ownership transfers; stamp duty shall be levied on a per-item basis at an annual rate of RMB5 per item for permits and certificates relating to rights, including real estate title certificates and land use rights certificates.

Municipal Maintenance Tax

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (中华人民共和国城市维护建设税税暂行条例) promulgated by the State Council in February 1985, any taxpayer, whether an individual or otherwise, subject to or paying product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council in April 1986 (lastly revised by the State Council in August 2005), any taxpayer, whether an individual or otherwise, subject to or paying product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is required instead to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). Education surcharge was calculated and levied at a rate of 2% on the actual amount of product tax, value-added tax and business tax paid by the taxpayer before 1 October 2005. After 1 October 2005, education surcharge shall be calculated and levied at a rate of 3% on the actual amount of product tax, value-added tax and business tax paid by the taxpayer.

Tax on Adjustment of Fixed Asset Investment Orientation

Under the Interim Regulations of the People's Republic of China on Tax on Adjustment of Fixed Asset Investment Orientation (中华人民共和国固定资产投资方向调节税暂行条例) promulgated by the State Council in April 1991, the tax rate shall be 5% in the case of general residential housing (including commodity housing), and 30% in the case of villa-styled residential housing.

Corporate Income Tax

Pursuant to the Interim Regulations of the Corporate Income Tax of the People's Republic of China (中华人民共和国企业所得税暂行条例) promulgated by the State Council in December 1993, State-owned enterprise, collective-owned enterprise, private enterprise, coordinated enterprise, share-issuing enterprise and other organisations within the territory of China which have production and management income or other income, are taxpayer of the corporate income tax. The corporate income tax rate is 33%.

Pursuant to the Interim measures of Corporate Income Tax Levied upon Deemed Income (核定征收企业所得税暂行办法) promulgated by the State General Tax Bureau and implemented on January 2000, corporate income tax on deemed income shall be levied in the following situations:

1) where it is not necessary to set up any account books or where account books should be set up but are not set up in accordance with the rules and regulations of the tax revenue; 2) where it is possible to only check and verify gross income accurately or where it is possible to check and verify gross income but not possible to check and calculate compute cost expenditure accurately; 3) where it is only possible to check and calculate cost expenses expenditure or where it is possible to check and verify cost expenses expenditure but not possible to check and calculate gross income accurately; 4) where it is not possible to check and calculate gross income and cost expenses expenditure correctly, and provide true, accurate and intact materials of tax payment and compliance to the authority in charge; 5) where accounts have been set up in compliance with applicable regulations but relevant account book, evidence and relevant tax payment materials cannot be saved according to regulations; or 6) The obligation to pay tax arises but the taxpayer does not handle the tax application according to the time limits of the rules and regulations or upon the tax authority's order of tax application within a definite time period, the taxpayer does not apply on the expiration of the time limit. Taxpayers subject to this regime shall not benefit from any preferential policies in relation to corporate income tax. Provincial tax bureaus, as well as tax bureaus of autonomous regions, municipalities directly under the Central Government and cities under direct planning of the state may implement this regulation, combine the actual local conditions, make the concrete implementing method and submit to the State General Tax Bureau for record.

Pursuant to Income Tax Law of Foreign-investment Enterprises and Foreign Enterprises of the People's Republic of China (中华人民共和国外商投资企业和外国企业所得税法) promulgated by the National People's Congress in April 1991 and Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法实施细则) promulgated by the State Council, which came into effect on 1st July, 1991 (collectively, "FIE Income Tax Law"), productions, management income and other incomes of foreign-investment enterprises and foreign enterprises within the territory of China shall pay income tax. For foreign investment enterprises and foreign enterprises engaged in production and management within the territory of China, income tax is calculated at a rate of 30% of its taxable income volume, local income tax is calculated at a rate of 3% of its taxable income volume. Foreign investment enterprises established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and foreign investment enterprises engaged in production in economic and technological zones may pay income tax at a reduced rate of 15%. Foreign investment enterprises engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay income taxes at a reduced rate of 24%. A reduced income tax rate of 15% may apply to enterprises located in such regions and which are engaged in energy, communication, harbour, wharf or other projects encouraged by the State. Losses incurred in a tax year may be carried forward for not more than five years. Foreign enterprises not yet set up the organisation or place within the territory of China, but are generating income obtained from profit, interest, rent, royalty special permission and other income generated within the territory of China, or set up organisation or place, but the above-mentioned income has no actual connection with the organisation and place, such enterprises are subject to taxes at a rate of 20%.

Pursuant to the Notice of Allowed Reduce Income Tax of Foreign Enterprise's Interest Source From the Territory of China (关于外国企业来源于我国境内的利息等所得减征所得税问题的通知) promulgated by the State Council in November, 2000 (implemented on 1 January 2000), since 1 January 2000, for the foreign enterprises has not set up organisation or place within the territory of China, its interest, rent, royalty for the right of special permission and other incomes obtained from China; or which have an organisation or place, but above-mentioned incomes have no actual connection with its organisation or place, will pay corporate income tax at a reduced rate of 10%. The profit derived by a foreign investor from a PRC enterprise with foreign investment is exempted from PRC tax according to (i) the FIE Income Tax Law and (ii) the Notice Relating to Taxes Applicable to

Foreign Investment Enterprises/Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains Obtained from Holding and Transferring of Shares (国家税务总局关于外商投资企业/外国企业和外籍个人取得股票(股权)转让收益和股息所得税收问题的通知), promulgated by State Tax Bureau on 21 July 1993.

In March 2007, the PRC National People's Congress adopted the Enterprise Income Tax Law (企业所得税法) ("New Income Law"), which became effective on January 1, 2008. Under the new tax law, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises, with the exception of those enterprises who enjoy the preferential tax according to the laws and regulations. However, there would be a five-year transition period for enterprises currently enjoying a preferentially lower income tax rate under the current tax laws and administrative regulations. In addition, under the new tax law, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and is subject to PRC income tax on their worldwide income. While at the same time the New Income Law also addresses the following enterprise income including but not limited to the followings, shall be exempted from income tax: (1) income from equity investment income such as dividend and bonus between qualified resident enterprises, (2). income from equity investment such as dividend and bonus obtained from resident enterprises by non-resident enterprises that have set up institutions or offices in China with an actual relationship with such institutions or offices. On 6 December 2007, the Implementation Rules on the Enterprise Income Tax Law (企业所得税法实施条例) was promulgated by the State Council and it came into force on 1 January 2008.

According to New Income Law and its implementing regulations, income such as dividends, rental, interest and royalty from China derived by a Non-Resident enterprise which has no establishment in China or has establishment but the income has no relationship with such establishment is subject to a 10.0% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to foreign investment enterprises and their investors.

MEASURES ON STABILISING HOUSING PRICE

The General Office of the State Council promulgated the Circular on Stabilising Real Estate Price (国务院办公厅关于切实稳定住房价格的通知) on 26 March 2005, requiring measures to be taken to prevent housing prices from increasing too fast and to promote the healthy development of the real estate market. The Opinions on Work of Stabilising Housing (关于做好稳定住房价格工作的意见) jointly issued by the MOC, NDRC, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the State Administration of Taxation and the China Banking Regulatory Commission on 30 April 2005 provides that:

1. Where the housing price grows too fast, while the supply of ordinary commodity houses with medium or low price and economical houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses with medium or low price and economical houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or-low-price ordinary commodity houses, before supplying the land, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the real estate authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be set up as preconditions of land transfer to ensure the supply of houses with medium or low price and houses with medium or small area. The local government must strengthen the supervision of planning permit for real estate development projects. Housing projects that have not been

commenced within two years must be examined again, and those that turn out to be not in compliance with the planning permits will be revoked.

2. Where the price of land for residential use and residential housing grow too quickly, the proportion of land for residential use to the total land supply should be appropriately increased, and the land supply for the construction of ordinary commodity houses with medium or low price and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.

The General Office of the State Council promulgated the Circular on Adjusting Real Estate Supply Structure and Stabilising Real Estate Price (关于调整住房供应结构稳定住房价格的意见) on 24 May 2006. There are some "must-meet" requirements that will affect residential property development companies and purchasers of residential properties in China. The regulation stipulates that:

1. Commencing 1 June 2006, for newly approved and developed commodity residential houses, the ratio of houses with a built up area of no more than $90m^2$ should comprise at least 70% of the total construction area. If there are special situations existing in the municipality directly under the Central Government, or a city directly under State planning and provincial capital, the relevant developer should apply to the MOC for approving any adjustments on the above-mentioned ratio. For projects whose developers have already obtained the approval without the Permit for Commencement of Construction, should the ratio of houses with a built up area of no more than $90m^2$ fall short of the above-mentioned ratio, the developer should adjust the ratio to satisfy the new requirements.

2. Commencing 1 June 2006, if the purchaser transfers the residential house within five years of the date of purchase, business tax will be levied on the basis of the sales income on the residential house; if the person transfers the common residential house after five years from the date of purchase, no business tax will be levied; and if the person transfers the uncommon residential house after five years from the date of purchase, business tax will be levied on the difference between the sale income of the residential house and the original purchase price.

3. Commencing 1 June 2006, the initial payment for the personal housing mortgage loan shall be at least 30% of the total purchase price of the house. If the person purchases a house with a built up area of no more than $90m^2$ for his/her own residence, the initial payment must be at least 20% of the total purchase price of the house.

4. Not less than 70% of residential properties shall be medium-sized or small-sized units designed for middle or lower markets.

5. No mortgage may be created over a residential property which has been vacant for more than three years.

6. High fees will be levied for land left idle for more than one year and land use rights of land left idle for more than two years will be taken back.

On 29 December 2008, the Ministry of Finance and the State Taxation Bureau jointly issued the Circular Concerning Business Tax on Personal Real Estate Transfer (关于个人住房转让营业税政策的通知), according to which, from 1 January 2009 to 31 December 2009, business tax shall be levied on the entire sale price of any non-ordinary residential house sold within two years of its purchase or on the difference between the sale income of the residential house and the original purchase price for any transfer of non-ordinary residential house after two or more years of its purchase or ordinary residential house within two years of its purchase, while business tax would be exempted for the transfer of any ordinary residential property after two years from the date of purchase.

On 22 December 2009, the Ministry of Finance and the State Taxation Bureau collectively promulgated a Notice on Adjusting the Business Policy of Housing Transfer by Individuals (关于调整个人住房转让营业税政策的通知), pursuant to which, with effect from 1 January 2010, the resale lock-up period for a property has returned to its original five years. A business tax of 5.5% is now imposed on homes sold within five years of purchase.

MAJOR ENVIRONMENTAL PROTECTION REQUIREMENTS

In accordance with the Environmental Protection Law of the PRC (中华人民共和国环境保护法) adopted by the Standing Committee of the NPC on 26 December, 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other pollutants which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during any production, construction or other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any works required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time limit will be penalised or have their business licences revoked. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the effects of the pollution, as well as to compensate any losses or damages suffered as a result of such environmental pollution.

Under the Regulations on the Administration of Environmental Protection of Construction Project (建设项目环境保护管理条例) promulgated by the State Council on 29 November 1998 and the Procedures on the Administration of Environmental Protection of Construction Projects (建设项目环境保护管理程序) promulgated by the State Environmental Protection Administration of China on 1 June 1990, the development of each construction project is subject to the environment impact assessment, and the developer should submit to the competent administrative authorities the environmental impact statement which assess the pollution the construction project is likely to produce and its impact on the environment and stipulate the preventive and curative measures. Only after the assessment has been completed and approval from the competent authorities obtained can the developer commence construction.

Pursuant to the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (建设项目竣工环境保护验收管理办法) promulgated by the State Environmental Protection Administration of China on 27 December 2001 and implemented on 1 February 2002, each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passes the inspection and obtains approval can work on the project commence.

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ANNEX D — DESCRIPTION OF RELEVANT PNG LAWS AND REGULATIONS

1. DOING BUSINESS IN PNG

Foreign entities can set up operations in PNG either by establishing a PNG branch of a foreign incorporated company **(Overseas Company)** or by forming a limited liability company **(LLC)** under PNG law. TSC PNG is set up as an LLC however its parent company, Tiong Seng Contractors Pte Limited operated in PNG as an Overseas Company at one point.

The main administrative difference between the two options is that for an LLC, there is a requirement to appoint a local resident director who must be an individual. For an Overseas Company this requirement is less onerous, in that a local resident agent must be appointed, but it can be a corporation.

The financial reporting requirements are similar for an LLC and an Overseas Company and they are discussed below.

1.1 Registration as an Overseas Company

(a) Carrying on business

Under PNG's Companies Act 1997 **(Companies Act)**, an Overseas Company that commences to carry on business in the country must apply for registration as an overseas company under the Companies Act within one month of commencing to carry on business. The Act provides a list of references in determining what does and does not constitute an Overseas Company carrying on business in that country.

(b) Application for registration

An application for registration of an Overseas Company under the Companies Act must be submitted to the Registrar of Companies **(Registrar)** in the prescribed form (Form 46).

It is compulsory that an Overseas Company appoint a resident agent in Papua New Guinea (see below).

Once the Form 46 is properly completed and lodged with the Office of the Registrar of Companies, the Registrar will register the application on the register and issue a certificate of registration in the prescribed form. Usually, the certificate is issued within two weeks from the date of lodgement of the Form 46.

(c) Resident agent

As mentioned above, it is compulsory that a resident agent be appointed. A resident agent can be an individual or a company, who must be resident in Papua New Guinea. Generally, the duties of the resident agent are:

(i) to accept service of documents; and

(ii) take responsibility for lodgement of documents with the Registrar.

(d) Alteration of constitution or other details

An Overseas Company registered under the Companies Act must ensure that, within one month of the change or alteration of its constitution, a notice in the prescribed form is submitted to the Registrar of:

(i) an alteration to the instrument constituting or defining the constitution of the Overseas Company; or

(ii) a change in the directors, or in the names or residential addresses of the directors, of the Overseas Company; or

(iii) a change in the address of the place of business or principal place of business of the Overseas Company; or

(iv) a change in any person, or the address of any person, authorized to accept service in the country of documents on behalf of the Overseas Company or who is responsible for submitting to the Registrar documents required under the Companies Act.

Where an Overseas Company fails to comply with the above the Overseas Company commits an offence. Further, every director and every resident agent of the Overseas Company, and every person in default also commits an offence.

1.2 Incorporation as an LLC

(a) Incorporation

Under the Companies Act an application for incorporation of a company must be in the prescribed form (Form 1) and submitted to the Registrar. The company must have a registered office in PNG and an address for service of notices. The application must be accompanied by:

(i) a document in the prescribed form (Form 2) signed by every person named as a director, containing his consent to being a director. Note that it is compulsory that at least one director of the company be a resident in the country;

(ii) a document in the prescribed form (Form 4) signed by every person named as a shareholder, or by an agent of that person authorized in writing, containing his consent to being a shareholder and to taking the class and number of shares specified in the document;

(iii) where the document has been signed by an agent, the instrument authorising the agent to sign it;

(iv) a notice reserving a name for the proposed company (Form 6); and

(v) where the proposed company is to have a constitution, accompanied by a certified copy of the company's constitution.

It is not compulsory that a company have a company secretary. However, where a company intends to have a secretary, a document in the prescribed form (Form 3) signed by every person named as a secretary and containing his consent to being a secretary is to accompany the prescribed Form 1.

(b) Exchange Control Authority to issue shares

Under the Papua New Guinea *Central Banking (Foreign Exchange and Gold) Regulation Chapter 138* **(Foreign Exchange Regulations)**, it is an offence if a person except with the authority of the Bank of Papua New Guinea allots, issues, transmits or transfers any securities to a person resident outside Papua New Guinea.

It is also an offence if a person, except with the authority of the Central Bank, makes an entry in a register that recognizes or gives effect to the allotment, issue, transmission or transfer of any securities to a person resident outside Papua New Guinea.

Capitalisation of an LLC requires exchange control approval in order to ensure that the capital can be repatriated.

1.3 Investment Promotion Authority Certification for a Foreign Enterprise

(a) Overview

The *Investment Promotion Act* 1992 establishes the Investment Promotion Authority **(IPA)** with the functions of encouraging and facilitating investment generally and monitoring foreign investment in PNG. A foreign enterprise wishing to carry on a business in PNG (or acquire an interest in a PNG business) must apply for a certificate under the *Investment Promotion Act*. However, certain activities are reserved for citizens and national enterprises (an enterprise which is at least 50% citizen owned) and foreign enterprises are prohibited from engaging in these.

Whenever there is a change in the ownership of a foreign enterprise (other than a listed entity) of 10% or more, there is a requirement for the entity to apply for re-certification (see section 32) and the criteria for refusal can be applied again. The IPA interprets this provision to mean that approval cannot be given in advance - a person must complete the acquisition of an interest in the foreign enterprise and then the foreign enterprise itself must apply for re-certification).

(b) Certification to carry on business in a activity

A foreign enterprise is prohibited from carrying on a business (which is broadly defined and includes maintaining a branch office) in PNG unless it is certified by the IPA to do so. A foreign enterprise is defined as any enterprise that is not a national enterprise. A national enterprise is defined as any enterprise which is more than 50% owned and controlled, directly or indirectly, by a citizen of PNG. A foreign enterprise is prohibited from carrying on a business in a reserved activity. In our opinion, currently, none of the activities that TSC (PNG) will be primarily engaged in are reserved activities.

Foreign enterprises may apply for certification. Upon the IPA verifying the information contained in the application and reviewing the merits of the application, the IPA shall grant the application on such terms and conditions as it considers appropriate unless:

(i) in the opinion of the IPA, the application is incorrect, misleading or does not otherwise comply with the Act;

(ii) in the opinion of the IPA, the activity applied for is unlikely to achieve the purpose of the Act (such purposes being to promote investments which will materially benefit PNG and its people and which achieve one or more other objectives including economic growth, creation of employment, utilization of resources, increase in exports);

(iii) in the opinion of the IPA, the applicant will not be able to finance or carry out the activity applied for; or

(iv) the applicant and any person associated with the applicant;

(v) has a civil judgement against him (whether in PNG or elsewhere);

(vi) has been convicted of a criminal offence; or

(vii) has been bankrupt or insolvent within the 10 years prior to the application.

We are not aware of an application having been refused by the authority.

Note that failure to obtain certification can lead to substantial penalties for the foreign enterprise and, in particular, for individual directors, if it carries on business in Papua New Guinea. Failure to be certified whilst carrying on business can also render any contracts void under the IPA Act.

Once a foreign enterprise is certified, if it wishes to change certain details (eg the permitted activity) it must apply to the IPA for variation.

(c) Certification on change of control

If there is a change in the ownership or control of a foreign enterprise which amounts to:

(i) not less than 10% in any one year; or

(ii) not less than 25% from the date the enterprise was certified,

then the enterprise will need to apply to the IPA within 14 days of the change of a certificate. Although the grounds under which such an application may be refused are the same as those which apply to an enterprise's first application, it is difficult to envisage circumstances where such an application would be refused.

(d) Investment guarantees

The Investment Promotion Act contains a guarantee that the property of a foreign investor will not be nationalized or appropriated otherwise than:

(i) in accordance with law;

(ii) for a public purpose; and

(iii) with compensation.

Subject to the laws relating to taxation and exchange control, there is a general right to remit capital and earnings overseas and a guarantee that (with some exceptions) no tax, duty or other form of charge will discriminate against an investor on the grounds of its origin. These provisions apply to a foreign investor except where the foreign investor could obtain more favourable treatment under any bilateral or multilateral agreement to which the State is a party.

Certification to carry on a business under the Act constitutes the approval of the Government of PNG which is required in order for the Multilateral Investment Guarantee Agency to issue investment guarantees.

The International Convention on the Settlement of Investment Disputes between States and Nationals of Other States applies to disputes arising out of foreign investment.

3. OTHER RELEVANT LEGISLATION

3.1 Exchange Control

(a) Partial deregulation

Papua New Guinea has a system of foreign exchange control administered by the Bank of Papua New Guinea (the **Central Bank**). The Central Bank is established under and derives its authority from the *Central Banking Act 2000* (which replaced an earlier Central Banking Act).

Part X of the Central Banking Act deals with the foreign exchange and international reserves, but most of the operative provisions about foreign exchange are to be found in the Foreign Exchange Regulation. This was a regulation under the old Central Banking Act which remains in full force and effect by virtue of the transitional and saving provisions in the new *Central Banking Act*. Under the Foreign Exchange Regulation, the four commercial banks in Papua New Guinea (Australia & New Zealand Banking Group (PNG) Limited, Bank of South Pacific Limited, Maybank (PNG) Limited and Westpac Bank-PNG-Limited) are appointed as "authorized dealers" by the Central Bank and as such are authorised to undertake foreign exchange transactions provided they comply with applicable requirements, including reporting requirements.

The system of foreign exchange control was partially deregulated on 3 September 2007, whereby the Central Bank issued a general exemption from many of the provisions of the Foreign Exchange Regulation which is published in National Gazette G137 of 2007. As a consequence, the system of controls and reporting that remains in place is significantly simplified. Some categories of transactions remain subject to exchange controls, principally the opening by a PNG resident of a bank account outside PNG and the provision of guarantees or securities by a resident in favour of a non-resident whether or not these are for the direct benefit of a person in PNG. Note in particular, that the general exemption may be revoked by the Central Bank at any time and our responses to your questions could change if this were to occur.

(b) Foreign Currency Accounts

A PNG resident can only retain foreign currency in a designated foreign currency account which has been authorised by the Central Bank. Such accounts may be opened either with a commercial bank in Papua New Guinea or with a bank or financial institution outside Papua New Guinea.

If a PNG resident wishes to retain equity or loan funds in foreign currency within or outside Papua New Guinea, or to retain the foreign currency proceeds from the sale and export of products outside Papua New Guinea, it must apply to the Central Bank for authority to open a foreign currency account in a designated location and denominated in a designated currency for the specific purpose for which foreign currency funds are to be retained.

A monthly foreign currency report must be given to the Bank of Papua New Guinea by the account holder showing cash inflows and outflows.

(c) Repatriation of dividends

The effect of the deregulation of exchange controls is that repatriation of dividends does not require prior exchange control approval, and so can be effected in the ordinary course of business (provided that a tax clearance certificate has been issued, as discussed in Part 13.9). This means that payment of dividends can be made either through a PNG commercial bank or out of an (approved) foreign currency account, and in either case the transaction will only need to be reported to the Central Bank.

3.2 Companies Act

The *Companies Act* 1997 (Companies Act) is the main legislation governing companies in PNG. This Act is based on the New Zealand model (the New Zealand *Companies Act* 1993). The *Companies Act* provides for the incorporation of a company. A company incorporated and registered under the Act is a legal entity in its own right separate from its shareholders and continues in existence until it is removed from the register. Shareholders can have limited or unlimited liability for the obligations of the company, although most companies are incorporated with limited liability (shown by the word “Limited” or “Ltd” in their names).

Most companies incorporated under the former *Companies Act* became registered under the *Companies Act* 1997. The old distinction between public companies and proprietary or “Pty” companies has disappeared. The Act provides that a limited liability company incorporated in Papua New Guinea must have at least one local resident director (who need not be a citizen of Papua New Guinea) and an address for service in Papua New Guinea.

The *Companies Act* 1997 has many specific provisions in it about shares and shareholder rights directors and their powers, the administration of companies, financial reporting and the audit of companies, disclosure by companies to their shareholders, the registration of company charges, amalgamations and other forms of company re-organisations, receiverships and liquidations. A company can operate quite satisfactorily within this framework without a specific constitution of its own. However, a company may have a constitution to spell out in more detail the relationship between its shareholders, directors and management, and this is necessary where the company is an incorporated joint venture.

3.3 Real property

97% of land in PNG is customary land. The remainder is alienated land held by the State. Only the state may acquire customary land from the customary owners.

In the case of alienated land, the State cannot confer freehold title to that land other than where the grantee is a citizen. Rather, the usual practice is to confer a 99 year leasehold title on the land (**State lease**). That title can be registered under the Land Registration Act and upon registration of any dealing in that land, (a generally indefeasible[(1)]) title is conferred on the party taking the interest. Thus it is possible to register encumbrances such a mortgages on the title to the land, which by virtue of registration (and except in limited circumstances) take priority over any other unregistered dealing or dealing registered later in time. Banks and other financial institutions readily accept a State Lease as security.

Note:

(1) There are certain exceptions and the PNG courts have also made at least one ruling which is contrary to the doctrine of indefeasibility (*Ema Estate Development Pty Limited v Mea* 1993 PNGLR 215).

3.4 Public Finances (Management) Act (PFM Act)

The PFM Act regulates the expenditure of and accounting for the State's finances. The PFM Act also sets out the circumstances and conditions under which the State may borrow or lend money or give a guarantee for the repayment of a loan. The PFM Act prescribes guidelines for the circumstances in which the State is required to tender for the purchase and disposal of property by the State and the supply of goods and services to the State. The PFM Act also contains similar provisions applicable to "public bodies" (defined as State owned or controlled bodies).

(a) State tenders

Tenders must be publicly invited for the purchase or disposal of property or the supply of works and services for which the estimated cost exceeds the prescribed amount (currently set at K100,000). There are a number of exceptions to the requirement to tender. The relevant exceptions are:

(A) any purchase, disposal or supply to a public body (see subparagraph (C) below) or an authority or instrumentality of the State approved for the purpose by the Minister;

(B) any purchase, disposal or supply for which the Central Supply and Tenders Board certifies that the inviting of tenders is "impracticable or inexpedient"; and

(C) where there is an agreement (or proposed agreement), between the State and any "international organisation" under which the State is to receive money and the terms of this agreement specifically provide for the manner in which tenders will be invited for contracts to be performed in relation to the agreement.

(b) State borrowing and loans

The Constitution provides that the State can only borrow if the borrowing is authorized by an Act of Parliament. The PFM Act regulates borrowing by the State but, importantly, and so far as is relevant to projects in which TSC PNG may be engaged, does not itself provide the authorization required for the borrowing. There are various Acts which authorize State borrowing and if the State wishes to borrow in the course of a project it will be necessary to determine whether such borrowing is made under one or more of those Acts, within the relevant prescribed limits. Normally the State would use general Acts, such as the Loans (Overseas Borrowings) legislation, rather than a special purpose Act.

(c) Public bodies

There are similar provisions as discussed in the paragraphs above that apply only to public bodies. A "public body" is defined to mean any body established by or under an Act of Parliament or any company incorporated under the *Companies Act* 1997, owned wholly or partly by the State and whose constitution, or an Act, specifies to be a public body.

3.5 Independent Consumer and Competition Commission Act

The *ICCC Act* seeks to promote competition and fair trading in the markets. While the *ICCC Act* has been introduced to facilitate, amongst other things, the privatization of State-owned corporations, some of them being monopoly utilities, it also seeks to regulate the business activities of all entities carrying on business in PNG.

The *ICCC Act* establishes and is administered by the ICCC, whose objectives are to enhance consumer welfare, promote economic efficiency and protect the long term interests of consumers. The *ICCC Act* prohibits certain anti-competitive practices and also contains a small number of consumer protection provisions.

3.6 Provisions relevant to TSC PNG

The following anti-competitive prohibitions are relevant to the activities of TSC PNG:

(a) the making, or giving effect to, covenants, contracts, arrangements or understandings that have the purpose, effect or likely effect of substantially lessening competition in a market;

(b) making, or giving effect to, provision of a contract, arrangement or understanding between parties who are in competition with each other, that has the purpose of preventing, restriction or limiting the supply of goods or services to or the acquisition of goods or services from any person or class of persons who are in competition with at least one of those parties;

(c) subject to certain exceptions in relation to joint ventures, making, or giving effect to, covenants, contracts, arrangements or understandings that name the purpose, of likely effect, of fixing, controlling or maintaining the price of goods or services that are supplied or acquired by the parties to covenant, contract, arrangement or understanding where those parties are in competition with each other;

(d) where a person has a substantial degree of power in a market, taking advantage of that power for the purpose of restricting;

(e) the entry of another person into that or any other market;

(f) preventing or deterring that person from engaging in competitive conduct in that or any other market; or

(g) eliminating a person from that or any other market;

(h) resale price maintenance i.e. refusing to supply goods or services to another person unless that person agrees not to sell or re-supply those goods or services at a price less than a specified price by the supplier; and

(i) the acquisition of the assets of a business or shares if the acquisition would have, or would be likely to have, to effect of substantially lessening competition.

There are a number of exceptions to the provisions referred to above. Specifically those provisions have no application to contracts in so far as they contain provisions for the export of goods from PNG if full and accurate particulars (not including prices but including the member of fixing prices) are furnished to the ICCC within 15 days of entering into the contract (or within 60 days of the date on which the relevant provision commences, whichever is later).

Any person can apply to the ICCC for an authorization of conduct that would otherwise contravene any of the above anti-competitive practices.

The ICCC can prosecute contraventions of the Act and can seek penalties or other remedies. Individuals can also seek remedies, which include injunctions, damages and a variety of orders.

3.7 Insurance Requirements

The *Insurance Act* 1995 contains the following provisions:

36(1) All risks situated in Papua New Guinea and for which insurance, including re-insurance, is required, shall be insured with a licensed insurer unless exception is granted under Section 37.

37(1) Subject to Subsection (5), where the Commissioner is satisfied that the existing facilities and available capacity of licensed insurers are fully utilized he may, on application in accordance with Subsection (4) grant to a person an exemption from the provisions of Section 36.

It may be that licensed insurers in PNG will not have the capacity to provide the insurance required to insure all of the operations of TSC PNG. In those circumstances, it will be necessary to obtain an exemption from the Commissioner of Insurance under the *Insurance Act*.

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ANNEX E — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION

Applications are invited for the subscription and/or purchase of the New Shares at the Issue Price for each New Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. APPLICATIONS FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**

2. Your application for the Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through the ATMs of the Participating Banks or the Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Application").

   Applications for the Placement Shares (other than the Internet Placement Shares and the Reserved Shares) may only be made by way of the printed **BLUE** Placement Shares Application Forms or such other forms of application as the Issue Manager deems appropriate.

   Application for the Internet Placement Shares (also referred to as "Internet Electronic Application") may only be made by way of an Internet Electronic Application through the website of DBS Vickers Securities (Singapore) Pte Ltd ("DBS Vickers") at http://www.dbsvonline.com if you have an internet trading account with DBS Vickers. Internet Electronic Applications, both through the IB websites of the relevant Participating Banks and the internet website of DBS Vickers, shall, together with ATM Electronic Applications, be referred to as "Electronic Applications".

   Applications for the Reserved shares may only be made by way of the printed **PINK** Reserved Shares Application Forms, or such other forms of application as the Issue Manager deems appropriate.

   YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You (not being an approved nominee company) are allowed to submit ONLY one application in your own name for:**

   (a) the Offer Shares by any one of the following:

   - **Offer Shares Application Form;**
   - **ATM Electronic Application; or**
   - **Internet Electronic Application, or**

   (b) the Placement Shares (other than the Reserved Shares) by any one of the following:

   - **Placement Shares Application Form;**
   - **Internet Electronic Application; or**
   - **Such other forms of application as the Issue Manager deems appropriate.**

   If more than one application is submitted for either the Offer Shares or the Placement Shares (other than the Reserved Shares), such separate applications shall be deemed to be multiple applications and shall be rejected.

   If you have made an application for Placement Shares (other than Reserved Shares), you should not make any application for Offer Shares by way of an Offer Shares Application

Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

Joint or multiple applications shall be rejected. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

If you have made an application for Reserved Shares using the Reserved Shares Application Form, you may (a) submit one separate application for the Offer Shares in your own name either by way of an Offer Shares Application Form or by way of an Electronic Application or (b) submit one separate application for Placement Shares (other than Reserved Shares) by way of a Placement Shares Application Form or by way of an Internet Electronic Application through the website of DBS Vickers or such other forms of application as the Issue Manager deems appropriate, provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall not be treated as multiple applications.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks or DBS Vickers, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

   In addition, applicants who wish to subscribe for the Placement Shares through the website of DBS Vickers:

   (a) must not be corporations, sole-proprietorships, partnerships, or any other business entities;

   (b) must be over the age of 18 years;

   (c) must not be undischarged bankrupts;

   (d) must apply for the Placement Shares in Singapore;

   (e) must have a mailing address in Singapore; and

   (f) must be customers who maintain trading accounts with DBS Vickers.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification. Applications made by way of an Application Form by a nominee in the name(s) of an approved nominee company or approved nominee companies, in each case, must comply with paragraph 6 below.

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in

Singapore and nominee companies controlled by them. Applications made nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION**. If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if your application is by way of an Application Form), or you will not be able to complete your Electronic Application (if your application is by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status and CDP Securities Account number, provided in your Application Form or in the case of an Electronic Application, contained in the records of the relevant Participating Bank or DBS Vickers at the time of your Electronic Application as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank or DBS Vickers, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.**

9. We reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance. We further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the Application Forms or the instructions for the Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. We reserve the right to reject or accept parting whole or part, or to scale down or ballot any application, without assigning any reason therefore, and we will not entertain any enquiry and/or correspondence on the decision of our Company except in respect of applications which have been balloted but subsequently rejected where the reasons for such rejection will be provided to the Applicant. This right applies to applications made by way of Application Forms or such other forms of application as the Issue Manager deems appropriate, and by way of Electronic Applications. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting and/or allocating the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted and/or allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any

instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted and/or allocated to you. This authorisation applies to applications made by way of printed Application Forms or such other forms of application as the Issue Manager may deem appropriate and by way of Electronic Applications.

12. In the event that not all the Offer Shares are validly applied for as at the close of the Application List, the number of Offer Shares not applied for shall be made available to satisfy applications for Placement Shares to the extent that there are excess applications for Placement Shares as at the close of the Application List.

    In the event that not all the Placement Shares are validly applied for as at the close of the Application List, that number of Placement Shares not subscribed shall be made available to satisfy excess applications for Offer Shares to the extent that there are excess applications for Offer Shares as at the close of the Application List.

    In the event that not all the Internet Placement Shares to be applied through the website of DBS Vickers are validly applied as at the close of the Application List, that number of Internet Placement Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares made by way of Placement Shares Application Forms or such other forms of application as the Issue Manager deems appropriate to the extent that are excess applications for such Placement Shares (excluding the Internet Placement Shares) as at the close of the Application List or to satisfy excess applications for the Offer Shares to the extent that there are excess applications for the Offer Shares as at the close of the Application List.

    In the event that not all the Reserved Shares are validly applied for as at the close of the Application List, the number of Reserved Shares not subscribed shall be made available to satisfy excess applications for the Placement Shares to the extent that are excess applications for the Placement Shares as at the close of the Application List, or in the event that not all the Placement Shares are validly applied for as at the close of the Application List to satisfy excess applications made by members of the public for Offer Shares to the extent that there are excess applications for Offer Shares as at the close of the Application List.

    In the event of excess applications for the Offer Shares as at the close of the Application List and/or the number of Placement Shares (including the Internet Placement Shares and the Reserved Shares) are fully subscribed for and/or purchased or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, in consultation with the Issue Manager and approved by the SGX-ST.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offer Shares allotted and/or allocated to you pursuant to your application, to our Company, the Issue Manager, the Underwriter, the Placement Agent, DBS Vickers and any other parties so authorised by CDP, our Company, the Issue Manager, the Underwriter and/or the Placement Agent.

    By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any relevant key on the ATM or in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website of the relevant Participating Bank or the website of DBS Vickers in accordance with the provisions herein, you:

(a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and our Memorandum and Articles of Association;

(b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs of the Participating Banks or IB websites or the website of DBS Vickers, the terms and conditions set out in this Prospectus shall prevail;

(c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to our Company upon application;

(d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and

(e) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Issue manager, the Underwriter and the Placement Agent will infringe any such laws as a result of the acceptance of your application.

14. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the New Shares (including the Additional New Shares pursuant to the Over-allotment Option) and the Award Shares on the Official List of the SGX-ST;

(b) the Management and Underwriting Agreement and the Placement Agreement referred to in section entitled "Manager, Underwriting and Placement Arrangements" of this Prospectus have become unconditional and have not been terminated; and

(c) the Monetary Authority of Singapore ("MAS") has not served a stop order which directs that no or no further Shares to which this Prospectus relates be allotted or issued ("Stop Order").

15. In the event that a Stop Order in respect of the New Shares is served by MAS or other competent authority, and:

(a) the New Shares have not been issued, we will (as required by law) deem all applications to have been withdrawn and cancelled and our Company shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days of the date of the Stop Order; or

(b) if the New Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and we will refund your payment for the New Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

16. In the event that an interim Stop Order in respect of the New Shares is served by the MAS or other competent authority, no New Shares shall be issued to you until the MAS revokes the interim Stop Order.

17. The MAS is not able to serve a Stop Order in respect of the New Shares if the New Shares have been issued and listed on the SGX-ST and trading in them has commenced.

18. No application will be held in reserve.

19. This Prospectus is dated 7 April 2010. No Shares will be allotted or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority.

20. Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "Additional Terms and Conditions for Applications using Application Forms" of this Prospectus.

21. Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled "Additional Terms and Conditions for Electronic Applications" of this Prospectus.

22. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application, a person applying for the Placement Shares by way of a Placement Shares Application Form or by way of an Electronic Application or such other forms of application as the Issue Manager deems appropriate and, a person applying for the Reserved Shares by way of a Reserved Shares Application Form.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under this section on "TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION" of this Prospectus, as well as our Memorandum and Articles of Association.

1. Your application must be made using the **WHITE** Application Form and **WHITE** official envelopes "A" and "B" for Offer Shares and the **BLUE** Application Form for Placement Shares (other than Internet Placement Shares and the Reserved Shares) accompanying and forming part of this Prospectus or such other forms of application as the Issue Manager may deem appropriate. Applications for Reserved Shares must be made using the **PINK** Application Forms for Reserved Shares forming part of this Prospectus or such other forms of application as the Issue Manager may deem appropriate.

   Without prejudice to the rights of our Company, the Issue Manager has been authorised to accept, for and on behalf of our Company, such other forms of application as the Issue Manager deems appropriate.

   Attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn or improper forms of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual and you are completing the Application Form under the hand of an official, who must state the name and capacity in which that official signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutional documents must be lodged with our Company's Share Registrar and Share Transfer Office. We reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or a permanent resident of Singapore or corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation whether incorporated or unincorporated and wherever incorporated or constituted in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore) have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. You may apply for the New Shares using only cash. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**TIONG SENG SHARE ISSUE ACCOUNT**" crossed "A/C PAYEE ONLY", with your name and address written clearly on the reverse side. **WE WILL NOT ACCEPT APPLICATIONS NOT ACCOMPANIED BY ANY PAYMENT OR ACCOMPANIED BY ANY OTHER FORM OF PAYMENT. WE WILL REJECT REMITTANCES BEARING "NOT TRANSFERABLE" or "NON TRANSFERABLE"** crossings. No acknowledgement of receipt will be issued by our Company or the Manager for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned to you by ordinary post (without interest or any share of revenue or other benefit arising therefrom) within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:

    (a) In consideration of us having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 14 April 2010 or such other time or date as we may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of us and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of us;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

    (e) reliance is placed solely on the information contained in this Prospectus and neither we, the Issue Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained;

    (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, CDP Securities Account number, and share application amount to our Share Registrar, SGX-ST, CDP, SCCS, our Company, the Issue Manager, the Underwriter and the Placement Agent;

    (g) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decides to allot and/or allocate any smaller number of New Shares or not to allot and/or allocate any New Shares to you, you agree to accept such decision as final; and

(h) you irrevocably authorize CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares that may be allotted to you.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Form and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** official envelope “A” provided;

   (b) in the appropriate spaces on **WHITE** official envelope “A”:

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for;

      (iii) tick the relevant box to indicate the form of payment; and

      (iii) affix adequate Singapore postage;

   (c) SEAL THE OFFICIAL **WHITE ENVELOPE “A**”;

   (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land, Tower, #32-01 Singapore 048623**, the number of Offer Shares for which the application is made; and

   (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, so as to arrive by 12.00 noon on 14 April 2010 or such other date and time as we may, in consultation with the Issue Manager, decide. Local Urgent Mail or Registered Post must NOT be used.**

3. No acknowledgement of receipt will be issued for any application or remittance received.

4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.

ANNEX E — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION

Applications for Placement Shares (excluding the Internet Placement Shares and Reserved Shares)

1. Your application for Placement Shares (other than the Internet Placement Shares and Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Form or such other forms of application as the Issue Manager deems appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **BLUE** Placement Shares Application Form and your remittance in accordance with the terms and conditions of this Prospectus for the full amount payable in respect of the number of Placement Shares applied for, with your name, CDP Securities Account number and and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, so as to arrive by 12.00 noon on 14 April 2010 or such other date and time as we may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. No acknowledgement of receipt will be issued for any application or remittance received.

4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance are liable to be rejected.

5. Alternatively, you may remit your application monies by electronic transfer to the account of **DBS Bank Ltd, Shenton Way Branch, Current Account No. 003-710405-1 in favour of "TIONG SENG SHARE ISSUE ACCOUNT"** for the number of Placement Shares applied by **12.00 noon on 14 April 2010.** Applications who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to **DBS Bank Ltd, Equity Capital Markets, 6 Shenton Way #36-01, DBS Building Tower One, Singapore 068809** to arrive by **12.00 noon on 14 April 2010,** or such other time or date as we may, in consultation with the Issue Manager, decide.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **PINK** Reserved Shares Application Form and your remittance with your name, CDP Securities Account number and address written clearly on the reverse side, in accordance with the terms and conditions of this Prospectus for the full amount payable in respect of the number of Reserved Shares applied for, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, so as to arrive by 12.00 noon on 14 April 2010 or such other date and time as we may, in consultation with the Issue Manager, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. No acknowledgement of receipt will be issued for any application or remittance received.

4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and in the case of Internet Electronic Applications on the IB website screens of the relevant Participating Banks and the website screen of DBS Vickers (the "Steps"). Currently, DBS Bank and UOB Group are the only Participating Banks through which the Internet Electronic Applications may be made.

For illustration purposes, the procedures for Electronic Applications for Offer Shares through ATMs, the IB website of DBS Bank are set out in the sections **"Steps for ATM Electronic Applications for the Offer Shares through ATMs of DBS Bank (including POSB ATMs)" and the "Steps for Internet Electronic Applications for the Offer Shares through the IB website of DBS Bank" and the "Steps for Internet Electronic Applications for the Placement Shares through the website of DBS Vickers"** appearing on pages E-17 to E-21 of this Prospectus.

Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "Applicant" in the "Additional Terms and Conditions for Electronic Applications", and the Steps shall refer to you making an application for the Offer Shares through an ATM or the IB website of a relevant Participating Bank, or an application for the Placement Shares through the website of DBS Vickers.

The Steps set out the actions that you must take at ATMs or the IB website of DBS Bank or the website of DBS Vickers to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks.

If you are making an ATM Electronic Application, you must have an existing bank account with and be an ATM cardholder of the relevant Participating Banks before you can make an Electronic Application at the ATMs of the relevant Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for the Offer Shares at an ATM belonging to other Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

You must ensure that you enter your own CDP Securities Account Number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

If you are making an Internet Electronic Application, you must have a bank account with and/or a User Identification ("User ID") and a Personal Identification Number ("PIN") given by the relevant participating Banks or DBS Vickers, in the case of you applying for the Placement Shares through the website of DBS Vickers.

If you are making an Internet Electronic Application, you must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In this connection, you will be asked to declare that you are in Singapore at the time when you make the application. Upon completion of your Internet Electronic Application through the IB website of DBS, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus, including but not limited to, the terms and conditions appearing below and those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION" of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for the Offer Shares or the Placement Shares in the case of you applying for the Placement Shares through the website of DBS Vickers, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

   (a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for the Offer Shares or the Placement Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, CDP Securities Account number, and share application amount (the "Relevant Particulars") from your account with the relevant Participating Bank or DBS Vickers, as the case may be, to our Share Registrar, SGX-ST, CDP, SCCS, our Company, the Issue Manager, the Underwriter and the Placement Agent (the "Relevant Parties"); and

   (c) that this is your only application for the Offer Shares or the Placement Shares (other than the Reserved Shares), as the case may be, and it is made in your name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key or by clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act (Chapter 19) of Singapore, to the disclosure by that Participating Bank or DBS Vickers, as the case may be, of the Relevant Particulars of your account(s) with that Participating Bank or DBS Vickers to the Relevant Parties.

2. **By making an Electronic Application you confirm that you are not applying for the Offer Shares or the Placement Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application and shall not make any other application for the Offer Shares or the Placement Shares (other than the Reserved Shares) whether at the ATMs of any Participating Bank or the IB websites of the relevant Participating Banks or the website of DBS Vickers, as the case may be, or on the Application Forms. Where you have made an application for New Shares on an Application Form, you shall not make an Electronic Application for New Shares and *vice versa*.**

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application at the ATM or IB website of the relevant Participating Bank, failing which such Electronic Application will not be completed. Any Electronic Application made at the ATM or IB website of the relevant Participating Bank which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.

   For the Offer Shares, you may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB websites of the relevant Participating Banks, using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank. If you make an application to subscribe for the Placement Shares through the website of DBS Vickers, you must have sufficient funds in your nominated automatic payment account with an automatic payment facility (direct debit/credit authorisation or "GIRO") with DBS Vickers. Your application will be rejected if there are insufficient funds in your account for DBS Vickers to deduct the full amount payable from your account for your application.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares or Placement Shares, as the case may be, applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Offer Shares or Placement Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot and/or allocate any lesser number of such Offer Shares or Placement Shares or not to allot and/or allocate any Offer Shares or Placement Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen) of the number of Offer Shares or Placement Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares or Placement Shares that may be allotted and/or allocated to you and your agreement to be bound by the Memorandum and Articles of Association of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares that may be allotted and/or allocated to you.

5. We will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or if you have applied for the Placement Shares through DBS Vickers, by ordinary post or such other means as DBS Vickers may agree with you, at your own risk within 24 hours of the balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or if you have applied for the Placement Shares through DBS Vickers, by ordinary post or such other means as DBS Vickers may agree with you, at your own risk, within 14 Market Days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks and with DBS Vickers (as the case may be). Therefore, you are strongly advised to consult your Participating Bank or DBS Vickers as to the status of your Electronic Application and/or the refund of any money to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Shares allotted to you before trading the Shares on the SGX-ST. None of the SGX-ST, the CDP, the SCCS, the Participating Banks, DBS Vickers, our Company, the Issue Manager, the Underwriter and the Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank or DBS Vickers.

It is expected that successful applicants who applied for the Internet Placement Shares through the website of DBS Vickers will be notified of the results of their application through the website of DBS Vickers no later than the evening of the day immediately prior to the commencement of trading of the Shares on the SGX-ST.

6. Applicants who make ATM Electronic Applications for the Offer Shares through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	**Telephone**	**Other Channels**	**Operating Hours**	**Service expected from**
DBS Bank	1800-339 6666 (for POSB account holders) 1800-111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com[(1)]	24 hours	Evening of the balloting day
OCBC Bank	1800-363 3333	ATM/Internet Banking/ Phonebanking http://www.ocbc.com[(2)]	24 hours	Evening of the balloting day
UOB Group	1800-222 2121	ATM (Other Transactions — "IPO Enquiry") http://www.uobgroup.com[(1),(3)]	24 hours	Evening of the balloting day

Notes:

(1) If you have made your Internet Electronic Application through the IB websites of DBS Bank or UOB Group, you may check the results of your application through the same channels listed in the table above in relation to ATM Electronic Application made at the ATMs of DBS Bank or UOB Group.

(2) If you have made your Electronic Application through the ATM of OCBC Bank, you may check the results of your application through OCBC ATMs, OCBC Personal Internet Banking or OCBC Phone Banking services.

(3) If you have made your Electronic Application through the ATM or the IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.

7. **Electronic Applications shall close at 12.00 noon on 14 April 2010, or such other time and date as our Directors may, in consultation with the Issue Manager, decide.** Subject to paragraph 9 below, all Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank or DBS Vickers, as the case may be.

8. You are deemed to have irrevocably requested and authorised our Company to:

   (a) register the Offer Shares or the Placement Shares, as the case may be, allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;

   (b) send the relevant Share certificate(s) to CDP;

   (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank or if you have applied for the Placement Shares through DBS Vickers, by ordinary post or such other means as DBS Vickers may agree with you, at your risk, within 24 hours of the balloting PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and

   (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank or if you have applied for the Placement Shares through DBS Vickers, by ordinary post or such other means as DBS Vickers may agree with you, at your risk, within 14 Market Days after the close of the Application List PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, DBS Vickers, our Company, the Issue Manager, the Underwriter, the Placement Agent and CDP, and in any such event our Company, the Issue Manager, DBS Vickers, the relevant Participating Bank and/or CDP do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Issue Manager, the Underwriter, the Placement Agent, DBS Vickers, the relevant Participating Bank and/or CDP for the Offer Shares or the Placement Shares, as the case may be, applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company will reject any application by any person acting as nominee (other than approved nominee companies).

11. All your particulars in the records of your Participating Bank or DBS Vickers at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank, DBS Vickers and any other Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank or DBS Vickers (as the case may be).

12. You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or DBS Vickers (as the case may be) are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:

    (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks and DBS Vickers acting as agents of our Company, at the ATMs and the IB websites of the relevant Participating Banks (if any) and at the website of DBS Vickers:

        (i) your Electronic Application is irrevocable; and

        (ii) your Electronic Application, the acceptance by our Company and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (b) none of our Company, the Issue Manager, the Underwriter, the Placement Agent, the Participating Banks, DBS Vickers or CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

    (c) in respect of the Offer Shares or the Placement Shares, as the case may be, for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

    (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Issue Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for ATM Electronic Applications for the Offer Shares through ATMs of DBS Bank (Including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank ATM (including POSB ATM) are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "appln", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "application", "and", "NRIC", "SGX-ST" and "Number" respectively. Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB ATMs)), may differ slightly from those represented below.

Steps

1. Insert your personal DBS Bank or POSB ATM Card

2. Enter your Personal Identification Number

3. Select "MORE SERVICES"

4. Select "LANGUAGE" (FOR CUSTOMERS USING MULTI-LANGUAGE CARD)

5. Select "ESA-IPO SHARE/SGS/INVESTMENTS"

6. Select "ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)"

7. Read and understand the following statements which will appear on the screen:

   - (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

   - (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

   - (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE

IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

- Press the "ENTER" key to confirm that you have read and understood.

8. Select "TIONGS" to display details.

9. Press the "ENTER" key to acknowledge:

   - YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) PROSPECTUS, DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

   - YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE AND SHARE APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF, ISSUER/VENDOR(S).

   - FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

   - THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

   - FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

   - YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

   - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10. Select your nationality.

11. Select your payment method (i.e. by cash, CPF Funds, or a combination of cash and CPF Funds).

12. Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

13. Enter the number of securities you wish to apply for using cash.

14. Enter the number of securities you wish to apply for using CPF Funds (if applicable).

15. Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS Bank's records).

16. Check the details of your securities application, your NRIC or passport number, CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

17. Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for the Offer Shares through the IB website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website is shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "and", "NRIC", "SGX-ST" and "Number" respectively).

Steps

1. Click on to DBS Bank website at http://www.dbs.com.

2. Login to Internet banking.

3. Enter your User ID and PIN.

4. Select "Electronic Security Application (ESA)".

5. Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United Securities Act of 1933 as amended).

6. Select your country of residence and click "I confirm".

7. Click on "TIONGS" and click the "Submit" button.

8. Click "I Confirm" to confirm, *inter alia*:

   (a) You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

   (b) You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).

   (c) You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

(d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the "US Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "US person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. These will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(e) This application is made in your own name and at your own risk.

(f) For FIXED/MAX price securities application, this is your **only** application. For TENDER price securities application, this is your **only** application at the selected tender price.

(g) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

9. Fill in details for share application and click "I Confirm".

10. Check the details of your share application, your I/C/Passport No. and click "OK" to confirm your application.

11. Print Confirmation Screen (optional) for your reference & retention only.

Steps for Internet Electronic Application for the Placement Shares through the website of DBS Vickers

For illustrative purposes, the steps for making an application through the website of DBS Vickers are shown below:

Steps

1. Access the website at http://www.dbsvonline.com.

2. Login with user ID and password.

3. Select "Trading" and click on "IPO" hyperlink to go to the IPO Section.

4. Select "TIONGS" and click on "Apply now".

5. Click "Yes" to represent and warrant that, *inter alia*, that you are in Singapore, you have observed and complied with all applicable laws and regulations, you have a mailing address in Singapore, you have read, understood and agreed to the "APPLICATION TERMS AND CONDITIONS" and

the "GENERAL TERMS AND DISCLAIMERS" and you are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

6. Confirm the IPO applying for and its details by clicking on the "Next" button.

7. Click "Yes, I have read the above terms and conditions and wish to subscribe" and click "Submit" to confirm, *inter alia*:

   (a) You have read, understood and agreed to the terms and conditions set out in the Prospectus/Document or Profile Statement including the notes and instructions for the completion of this Application Form and that this application has been made in accordance with the Prospectus/Document or Profile Statement and such notes and instructions. Capitalised terms used in this Application Form shall bear the meanings assigned to them in the Prospectus/Document or Profile Statement.

   (b) You have read and understood the disclaimers.

   (c) You have read, understood and agreed to the "APPLICATION TERMS AND CONDITIONS" and the "GENERAL TERMS AND DISCLAIMERS".

   (d) You consent to the disclosure of your name, NRIC or passport number, address, nationality and permanent resident status, CDP Securities A/C No., CPF Investment A/C No. (if applicable) and securities application amount from your account with DBS Vickers to the Issuer and the Manager, registrars of securities, SGX, SCCS, CDP and CPF (as applicable).

   (e) This application is made in your own name and at your own risk.

   (f) You understand that these are not deposits or other obligations of or guaranteed or insured by DBS Vickers and are subject to investment risks, including the possible loss of the principal amount invested.

   (g) You declare that (a) you are not under 18 years of age, (b) you are not a corporation, sole-proprietorship, partnership or any other business entity, (c) you are not an undisclosed bankrupt, (d) you are in Singapore, (e) you have a mailing address in Singapore and (f) you are not a US person (within the meaning of Regulation S under the US Securities Act of 1933, as amended).

8. Fill in amount of share applied for and preferred payment mode, then click "Submit"

9. Check and verify details of your share application and your Trading Account Number on the screen.

10. Enter your password and click "Submit" to continue.

11. Click on "Application Status" to check your IPO application details.

12. Print page for your reference and retention only.

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ANNEX F — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

The Board of Directors
Tiong Seng Holdings Limited
510 Thomson Road
#08-00 SLF Building
Singapore 298135

We have audited the accompanying combined financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the combined statements of financial position as at 31 December 2006, 2007 and 2008 and 30 June 2009 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages F-1 to F-113.

Management's responsibility for the financial statements

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

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

(b) selecting and applying appropriate accounting policies; and

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

Auditors' responsibility

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

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

ANNEX F — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

Opinion

In our opinion, the combined financial statements of the Group present fairly, in all material respects, the combined financial position of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and the combined financial performance, changes in equity and cash flows of the Group for each of the years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009, in accordance with Singapore Financial Reporting Standards.

This report has been prepared for inclusion in the Prospectus of the Company in connection with the Initial Public Offering of the shares of the Company on the mainboard of the Singapore Exchange Securities Trading Limited. No audited combined financial statements of the Group have been prepared for any period subsequent to 30 June 2009.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
7 April 2010

Tan Huay Lim
Partner

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2006, 2007 AND 2008 AND 30 JUNE 2009

	Note	← 31 December		→	30 June
		2006	2007	2008	2009
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	3	17,506	25,165	38,591	31,249
Intangible assets	4	366	—	—	—
Investment properties	5	3,317	21,043	24,623	23,775
Associates and joint ventures	6	3,664	3,265	10,203	17,281
Trade and other receivables	7	6,325	10,866	15,331	8,978
Amounts due from related parties (trade)	8	—	680	334	563
Other investments	9	1,294	2,075	3,192	3,437
Deferred tax assets	10	87	360	937	995
		32,559	63,454	93,211	86,278
Current assets					
Inventories	11	628	—	—	—
Construction work-in-progress	12	1,095	11,653	11,584	5,659
Development properties	13	79,343	70,861	121,890	86,406
Trade and other receivables	7	43,161	103,405	105,889	109,228
Amounts due from related parties	8	5,639	11,390	22,022	27,227
Cash and cash equivalents	14	16,103	27,257	10,932	21,850
Assets classified as held for sale	15	—	439	439	1,036
		145,969	225,005	272,756	251,406
Total assets		178,528	288,459	365,967	337,684
Equity attributable to equity holders of the Company					
Share capital	16	20,000	20,000	20,000	20,000
Reserves	17	(3,058)	(2,657)	(641)	(1,091)
Accumulated profits		24,981	35,212	43,729	63,141
		41,923	52,555	63,088	82,050
Minority interest		18,765	20,351	30,663	40,104
Total equity		60,688	72,906	93,751	122,154
Non-current liabilities					
Trade and other payables	18	2,421	3,984	7,026	9,334
Amounts due to related parties	8	—	—	10,170	10,207
Loans and borrowings	19	4,570	42,333	3,439	9,795
Deferred tax liabilities	10	1,987	4,234	1,062	4,776
		8,978	50,551	21,697	34,112
Current liabilities					
Progress billings in excess of construction work-in-progress	12	—	1,952	2,695	7,330
Trade and other payables	18	65,314	111,579	143,744	95,808
Amounts due to related parties	8	19,850	12,037	21,926	21,058
Loans and borrowings	19	14,997	31,370	71,694	45,373
Current tax payable		8,701	8,064	10,460	11,849
		108,862	165,002	250,519	181,418
Total liabilities		117,840	215,553	272,216	215,530
Total equity and liabilities		178,528	288,459	365,967	337,684

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

		<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	Note	2006	2007	2008	2008	2009
		$'000	$'000	$'000	$'000	$'000
					(unaudited)	
Revenue						
Revenue from construction contracts	20(a)	98,744	205,794	261,561	134,231	140,749
Revenue from sales of development properties	20(b)	32,550	13,098	8,431	7,352	76,254
Rental income	20(c)	1,538	1,836	2,322	1,514	617
		132,832	220,728	272,314	143,097	217,620
Other income	21(a)	1,497	16,140	2,476	1,233	5,738
Cost of construction		(84,958)	(188,739)	(244,846)	(126,297)	(128,303)
Cost of sales of development properties		(14,567)	(9,511)	(4,554)	(3,702)	(57,272)
Depreciation and amortisation		(1,126)	(2,403)	(1,828)	(829)	(808)
Selling expenses		(1,789)	(1,755)	(456)	(82)	(469)
Staff costs	21(c)	(6,069)	(7,685)	(8,246)	(3,952)	(4,191)
Other expenses	21(b)	(3,874)	(4,198)	(12,113)	(5,879)	(3,248)
		(112,383)	(214,291)	(272,043)	(140,741)	(194,291)
Profit from operating activities		21,946	22,577	2,747	3,589	29,067
Finance income	22	570	13,275	4,564	3,805	2,550
Finance expenses	22	(1,865)	(16,184)	(3,593)	(1,289)	(2,305)
Net finance (expenses)/income		(1,295)	(2,909)	971	2,516	245
Share of loss of associates, net of tax		(16)	(6)	(1)	(1)	—
Share of profit of joint ventures, net of tax		610	1,535	6,981	801	7,344
Profit before income tax		21,245	21,197	10,698	6,905	36,656
Income tax expense	23	(8,086)	(7,932)	(2,916)	(3,038)	(8,453)
Profit for the year/period		13,159	13,265	7,782	3,867	28,203
Other comprehensive (expense)/ income						
Translation differences relating to financial statements of foreign subsidiaries		(1,219)	(26)	3,624	534	171
Exchange differences on monetary items forming part of net investment in a foreign operation		(131)	230	(38)	62	8
Net change in the fair value of available-for-sale investments		155	(15)	(137)	(89)	27
Income tax on other comprehensive income		(5)	(39)	32	5	(6)
Other comprehensive (expense)/ income for the year/period, net of tax		(1,200)	150	3,481	512	200
Total comprehensive income for the year/period		11,959	13,415	11,263	4,379	28,403

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

		Years ended 31 December			Six-month periods ended 30 June	
	Note	**2006**	**2007**	**2008**	**2008**	**2009**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
					(unaudited)	
Profit/(Loss) attributable to:						
Equity holders of the Company		9,701	10,282	9,272	4,464	19,412
Minority interest		3,458	2,983	(1,490)	(597)	8,791
Profit for the year/period		13,159	13,265	7,782	3,867	28,203
Total comprehensive income/ (expense) attributable to:						
Equity holders of the Company		8,831	10,524	10,551	4,901	18,962
Minority interest		3,128	2,891	712	(522)	9,441
Total comprehensive income for the year/period		11,959	13,415	11,263	4,379	28,403
Earnings per share						
— Basic and diluted (cents)	24	1.72	1.82	1.64	0.79	3.44

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2006	20,000	(189)	30	—	(2,029)	16,280	34,092	9,150	43,242
Total comprehensive income for the year									
Profit or loss	—	—	—	—	—	9,701	9,701	3,458	13,159
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	(889)	—	(889)	(330)	(1,219)
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(131)	—	(131)	—	(131)
Net change in the fair value of available-for-sale investments	—	—	—	155	—	—	155	—	155
Income tax on other comprehensive income	—	—	—	(31)	26	—	(5)	—	(5)
Total other comprehensive income/(expense)	—	—	—	124	(994)	—	(870)	(330)	(1,200)
Total comprehensive income and expenses for the year	—	—	—	*124*	*(994)*	*9,701*	*8,831*	*3,128*	*11,959*
Transactions with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of acquisitions of subsidiaries and interest from minority shareholder	—	—	—	—	—	—	—	170	170
Capital contributions by minority shareholders	—	—	—	—	—	—	—	6,317	6,317
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	6,487	6,487
Contributions by and distributions to owners									
Interim dividend paid of $6.25 per share less tax at 20%	—	—	—	—	—	(1,000)	(1,000)	—	(1,000)
Total contributions by and distributions to owners	—	—	—	—	—	(1,000)	(1,000)	—	(1,000)
Total transactions with owners	—	—	—	—	—	*(1,000)*	*(1,000)*	*6,487*	*5,487*
At 31 December 2006	20,000	(189)	30	124	(3,023)	24,981	41,923	18,765	60,688

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2007	20,000	(189)	30	124	(3,023)	24,981	41,923	18,765	60,688
Total comprehensive income for the year									
Profit or loss	—	—	—	—	—	10,282	10,282	2,983	13,265
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	66	—	66	(92)	(26)
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	230	—	230	—	230
Net change in the fair value of available-for-sale investments	—	—	—	(15)	—	—	(15)	—	(15)
Income tax on other comprehensive income	—	—	—	3	(42)	—	(39)	—	(39)
Total other comprehensive (expense)/income	—	—	—	(12)	254	—	242	(92)	150
Total comprehensive income and expenses for the year	—	—	—	*(12)*	*254*	*10,282*	*10,524*	*2,891*	*13,415*
Transactions with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of acquisitions of interest from minority shareholder and disposal of subsidiaries	—	—	—	—	—	108	108	(1,207)	(1,099)
Total changes in ownership interests in subsidiaries	—	—	—	—	—	108	108	(1,207)	(1,099)
Contributions by and distributions to owners									
Transfer to statutory reserve	—	—	159	—	—	(159)	—	—	—
Dividends paid to minority shareholders	—	—	—	—	—	—	—	(98)	(98)
Total contributions by and distributions to owners	—	—	159	—	—	(159)	—	(98)	(98)
Total transactions with owners	—	—	*159*	—	—	*(51)*	*108*	*(1,305)*	*(1,197)*
At 31 December 2007	20,000	(189)	189	112	(2,769)	35,212	52,555	20,351	72,906

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2008	20,000	(189)	189	112	(2,769)	35,212	52,555	20,351	72,906
Total comprehensive income/(expense) for the year									
Profit or loss	—	—	—	—	—	9,272	9,272	(1,490)	7,782
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	1,422	—	1,422	2,202	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(38)	—	(38)	—	(38)
Net change in the fair value of available-for-sale investments	—	—	—	(137)	—	—	(137)	—	(137)
Income tax on other comprehensive income	—	—	—	25	7	—	32	—	32
Total other comprehensive (expense)/income	—	—	—	(112)	1,391	—	1,279	2,202	3,481
Total comprehensive income and expenses for the year	—	—	—	*(112)*	*1,391*	*9,272*	*10,551*	*712*	*11,263*
Transactions with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of acquisition of a subsidiary and disposals of subsidiaries	—	—	—	—	(18)	—	(18)	1,701	1,683
Total changes in ownership interests in subsidiaries	—	—	—	—	(18)	—	(18)	1,701	1,683
Contributions by and distributions to owners									
Transfer to statutory reserve	—	—	755	—	—	(755)	—	—	—
Capital contribution by minority shareholders	—	—	—	—	—	—	—	7,899	7,899
Total contributions by and distributions to owners	—	—	755	—	—	(755)	—	7,899	7,899
Total transactions with owners	—	—	*755*	—	*(18)*	*(755)*	*(18)*	*9,600*	*9,582*
At 31 December 2008	20,000	(189)	944	—	(1,396)	43,729	63,088	30,663	93,751

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
At 1 January 2009	20,000	(189)	944	—	(1,396)	43,729	63,088	30,663	93,751
Total comprehensive income for the period									
Profit or loss	—	—	—	—	—	19,412	19,412	8,791	28,203
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	(479)	—	(479)	650	171
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	8	—	8	—	8
Net change in the fair value of available-for-sale investments	—	—	—	27	—	—	27	—	27
Income tax on other comprehensive income	—	—	—	(5)	(1)	—	(6)	—	(6)
Total other comprehensive income/(expense)	—	—	—	22	(472)	—	(450)	650	200
Total comprehensive income and expenses for the period	—	—	—	*22*	*(472)*	*19,412*	*18,962*	*9,441*	*28,403*
At 30 June 2009	20,000	(189)	944	22	(1,868)	63,141	82,050	40,104	122,154

For the six-month period ended 30 June 2009, there were no transactions with owners, recorded directly in equity.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2008	20,000	(189)	189	112	(2,769)	35,212	52,555	20,351	72,906
Total comprehensive income/(expense) for the period									
Profit or loss	—	—	—	—	—	4,464	4,464	(597)	3,867
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	459	—	459	75	534
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	62	—	62	—	62
Net change in the fair value of available-for-sale investments	—	—	—	(89)	—	—	(89)	—	(89)
Income tax on other comprehensive income	—	—	—	16	(11)	—	5	—	5
Total other comprehensive (expense)/income	—	—	—	(73)	510	—	437	75	512
Total comprehensive income and expenses for the period	—	—	—	*(73)*	*510*	*4,464*	*4,901*	*(522)*	*4,379*
Transactions with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of acquisition of a subsidiary and disposal of interest in a subsidiary	—	—	—	—	—	—	—	3,933	3,933
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	3,933	3,933
Contributions by and distributions to owners									
Capital contribution by minority shareholders	—	—	—	—	—	—	—	7,899	7,899
Total contributions by and distributions to owners	—	—	—	—	—	—	—	7,899	7,899
Total transactions with owners	—	—	—	—	—	—	—	*11,832*	*11,832*
At 30 June 2008 (unaudited)	20,000	(189)	189	39	(2,259)	39,676	57,456	31,661	89,117

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

	Years ended 31 December			Six-month periods ended 30 June	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000	$'000
				(unaudited)	
Operating activities					
Profit from operating activities	21,946	22,577	2,747	3,589	29,067
Adjustments for:					
Allowance for doubtful trade receivables	—	362	110	110	—
Depreciation and amortisation	3,736	4,535	14,753	5,898	9,978
(Gain)/Loss on disposal of:					
— an associate	—	(214)	—	—	—
— intangible assets	—	(43)	—	—	—
— investment properties	(413)	5	(375)	(375)	(147)
— other investments	(274)	(136)	(26)	—	—
— property, plant and equipment	(514)	(1,841)	(135)	(23)	(1,223)
— subsidiaries	—	(13,279)	(355)	—	—
Impairment losses of:					
— quoted equity instruments	—	—	32	—	—
— unquoted equity instruments	—	—	650	—	—
Reversal of allowance for impairment losses of:					
— property, plant and equipment	—	(1,510)	—	—	—
— unquoted equity instruments	—	—	—	—	(220)
Write off of:					
— bad debts	135	317	102	102	—
— intangible assets	—	33	—	—	—
— inventories	—	432	—	—	—
— property, plant and equipment	5	4	2	2	68
Operating profit before working capital changes	24,621	11,242	17,505	9,303	37,523
Changes in working capital:					
Inventories	43	—	—	—	—
Construction work-in-progress	2,346	(8,450)	839	(1,645)	10,566
Development properties	(32,697)	(16,055)	(19,274)	(10,229)	37,908
Trade and other receivables	(16,145)	(56,734)	(10,763)	8,707	2,224
Balances with related parties (trade)	7,451	(620)	2,066	(1,483)	(4,216)
Trade and other payables	(15,513)	52,716	23,360	12,218	(44,330)
Cash (used in)/generated from operations	(29,894)	(17,901)	13,733	16,871	39,675
Income taxes paid	(2,864)	(5,254)	(9,609)	(3,867)	(1,226)
Income taxes refunded	—	4	1	—	513
Net cash from operating activities	(32,758)	(23,151)	4,125	13,004	38,962

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

		Years ended 31 December			Six-month periods ended 30 June	
	Note	2006	2007	2008	2008	2009
		$'000	$'000	$'000	$'000 (unaudited)	$'000
Cash flows from investing activities						
Balances with related parties (non-trade)		(1,323)	(9,165)	(11,625)	(9,689)	(1,769)
Capital contribution in joint ventures		(54)	—	—	—	—
Dividends received:						
— debt securities		—	12,142	—	—	—
— others		1,490	292	42	4	—
Interest received		265	208	1,539	1,003	16
Prepayment for acquisition of a subsidiary	25(a)	—	(7,666)	—	—	—
Net cash (outflow)/inflow on acquisition of interests in subsidiaries	25(a)	(2,963)	—	(1,020)	446	—
Net cash outflow on acquisition of additional interests in a subsidiary	25(b)	—	(1,826)	—	—	—
Net cash inflow/(outflow) from disposal of subsidiaries in:						
— current year	25(c)	—	16,040	(474)	—	—
— prior year/period		—	—	2,279	684	—
Net cash inflow from disposal of an associate		—	952	—	—	—
Proceeds from strike off of an associate		—	—	—	—	266
Proceeds from disposal of:						
— property, plant and equipment		872	2,206	597	35	953
— intangible assets		—	43	—	—	—
— investment properties		4,494	1,716	479	479	224
— other investments		458	335	32	—	—
Purchase of:						
— property, plant and equipment		(8,645)	(9,947)	(25,620)	(18,835)	(5,101)
— investment properties		—	(1,578)	(229)	(229)	—
— other investments		(193)	(1,034)	(1,915)	(679)	—
Other receivables		644	(1,953)	1,983	1,983	—
Net cash from investing activities		(4,955)	765	(33,932)	(24,798)	(5,411)
Cash flows from financing activities						
Balances with related parties (non-trade)		12,543	(4,459)	9,530	8,320	(527)
Capital contribution by minority shareholders		6,317	—	7,899	7,899	—
Dividends paid on preference shares classified as financial liabilities		—	(11,424)	—	—	—
Dividends paid to:						
— ordinary shareholders		(1,000)	—	—	—	—
— minority shareholders		—	(98)	—	—	—
Decrease/(increase) in deposits pledged		446	(1,031)	(475)	(272)	63
Interest paid		(1,752)	(2,704)	(3,311)	(1,741)	(1,542)
Payments of finance lease liabilities		(1,402)	(1,255)	(964)	(482)	(441)
Proceeds from loans and borrowings		10,116	41,596	29,154	24,649	15,053
Repayments of loans and borrowings		(7,688)	(1,856)	(24,237)	(14,250)	(19,479)
Net cash from financing activities		17,580	18,769	17,596	24,123	(6,873)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

		Years ended 31 December			Six-month periods ended 30 June	
	Note	2006	2007	2008	2008	2009
		$'000	$'000	$'000	$'000	$'000
					(unaudited)	
Net (decrease)/increase in cash and cash equivalents		(20,133)	(3,617)	(12,211)	12,329	26,678
Cash and cash equivalents at beginning of the year/period		28,967	7,937	4,345	4,345	(6,858)
Effect of exchange rate changes on balances held in foreign currencies		(897)	25	1,008	297	(281)
Cash and cash equivalents at end of the year/period	14	7,937	4,345	(6,858)	16,971	19,539

During the financial years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009, the Group acquired property, plant and equipment with an aggregate cost of $9,531,000, $11,883,000, $28,021,000 and $2,381,000 respectively, of which $886,000, $1,936,000, $241,000 and $121,000 was acquired under finance leases respectively.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

These notes form an integral part of the financial statements.

1. Business and organisation

(a) Introduction

The combined financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with the principles and the accounting policies set out in note 2 to the combined financial statements for inclusion in the Prospectus of Tiong Seng Holdings Limited to be issued by the Company.

These combined financial statements of the Group were authorised for issue by the directors of the Company on 7 April 2010.

(b) The Company

The Company was incorporated in the Republic of Singapore on 15 April 2008 as a private limited company under the name of Tiong Seng Holdings Private Limited. Subsequently, on 1 April 2010, the Company was converted into a public company and changed its name to Tiong Seng Holdings Limited.

The principal activities of the Company are those of an investment holding company. Its registered office is at 510 Thomson Road, #08-00 SLF Building, Singapore 298135. The principal activities of the subsidiaries are set out in note 1(d) to the combined financial statements.

(c) The restructuring exercise

Prior to a restructuring exercise, Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors") was the holding company of the Group. Pursuant to a group restructuring (the "Restructuring") in preparation for the proposed listing of the Company on the Singapore Exchange Securities Trading Limited ("Singapore Exchange"), the Company underwent a Restructuring involving the followings:

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1. Business and organisation (continued)

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

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

Pursuant to a share swap agreement dated 18 March 2010, Tiong Seng Shareholdings Pte. Ltd. (“Tiong Seng Shareholdings”) acquired the entire issued share capital of Tiong Seng Contractors, comprising 205,452 ordinary shares for an aggregate consideration of approximately $99.8 million.

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

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1. Business and organisation (continued)

(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 205,452 ordinary shares, from Tiong Seng Shareholdings. The purchase consideration of approximately $99.8 million was arrived at after taking into consideration the net asset value of Tiong Seng Contractors as at 31 December 2009 and after taking into consideration the completion of the acquisition of 40% of the entire equity interest in Chang De Investment and was satisfied by the allotment and issue of 1,027,265 shares in the capital of the Company, credited as fully paid, to Tiong Seng Shareholdings and its nominees.

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

On 18 March 2010, Tiong Seng Contractors in accordance with 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.

The Restructuring has been accounted for as a combination of businesses under common control, in a manner similar to the "pooling of interest" method. Such a manner of presentation reflects the economic substance of the combining enterprise, although the legal parent-subsidiary relationships were not established until after the reporting date.

(d) Subsidiaries

The combined financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise and consist of those companies under common control during the financial years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009, and those companies as stated in the Restructuring. Subsidiaries incorporated after 1 January 2006 have been included in the combined financial statements from the respective dates of incorporation.

The subsidiaries of the Group and the auditors of the statutory financial statements are as follows:

			Effective equity interest held by the Group			
		Country of	31 December			30 June
Name of company	**Principal activities**	**incorporation**	**2006**	**2007**	**2008**	**2009**
			%	**%**	**%**	**%**
Tiong Seng Contractors[1] and its subsidiaries:	Construction works	Singapore	100	100	100	100

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1. Business and organisation (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest held by the Group 31 December 2006 %	2007 %	2008 %	30 June 2009 %
Steeltech Industries Pte. Ltd.[1] ("Steeltech")	Construction engineering sub-contracting works for fabrication, supply and installation of pre-cast mould, metalwork, steelwork and aluminium works	Singapore	51	51	51	51
TSC Contractors (PNG) Limited[2] ("TSC (PNG)")	Construction works and rental of equipment	Papua New Guinea ("PNG")	100	100	100	100
Robin Village Development Pte. Ltd.[3] ("Robin Village")	Pre-casting	Singapore	100	100	100	100
Lao-Singapore Construction Co., Ltd.[4] ("LSC Limited")	Production of concrete and construction works	Lao People Democratic Republic ("Lao PDR")	60	60	60	60
Tiong Seng Contractors Private Limited[5] ("TSC (India)")	Construction works	Republic of India ("India")	100	100	—	—
Jet-Scan Private Limited[6] ("Jetscan (Singapore)") and its subsidiary:	Rehabilitation of water and gas pipe line and sewer construction, rehabilitation sewerage and other pipes	Singapore	100	100	100	100
Jet-Scan (HK) Limited.[7] ("Jetscan (HK)")	Sewer pipes rehabilitation works	Hong Kong	100	100	100	100
Finique Design Private Limited[6] ("Finique Design")	Interior design services and renovation works	Singapore	100	100	100	100
Tiong Seng Properties (Private) Limited[1] ("Tiong Seng Properties")	Investment holding	Singapore	100	100	100	100
Chang De Investment[8] and its subsidiaries:	Investment holding	Singapore	60	60	60	60
Suzhou Huisheng[9] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100	100	100

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1. Business and organisation (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest held by the Group 31 December 2006 %	2007 %	2008 %	30 June 2009 %
Jiangsu Huiyang Construction Development Co., Ltd.[10] ("Jiangsu Huiyang") and its subsidiaries:	Property development	PRC	55	55	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[10] ("Yangzhou Huixin")	Commercial property management and real estate mediatory services	PRC	55	55	55	55
Jiangsu Huihan Property Co., Ltd.[10] ("Jiangsu Huihan")	Property development	PRC	—	65	55	55
Yangzhou Huili Property Development Co., Ltd.[10] ("Yangzhou Huili")	Property development	PRC	55	—	—	—
Suzhou Shengyang Property Co., Ltd.[9] ("Suzhou Shengyang")	Property development	PRC	55	55	—	—
Dafeng Waste Water Treatment Development Co., Ltd.[11] ("Dafeng")	Waste water treatment	PRC	76	—	—	—
Tianjin Zizhulin Development Co., Ltd.[12] ("Tianjin Zizhulin") and its subsidiaries:	Property development	PRC	45	48	48	48
Tianjin Tianmen Jinwan Property Development Co., Ltd.[12] ("Tianjin Tianmen Jinwan")	Property development	PRC	23	34	34	34
Tianjin Zizhulin Chuangzhan Investment Co., Ltd.[12] ("Tianjin Zizhulin Investment") and its subsidiaries:	Investment holding	PRC	—	—	31	31
Cangzhou City Huashi Real Estate Development Co., Ltd.[12] ("Cangzhou Huashi")	Property development	PRC	—	—	19	19
Tianjin Zizhulin Nanxi Investment Co., Ltd.[12] ("Tianjin Zizhulin Nanxi")	Investment in real estate development	PRC	—	—	30	30

1. Business and organisation (continued)

1. *Audited by Fok Oi Leng & Co for the financial year ended 31 December 2006 and KPMG LLP for the financial years ended 31 December 2007 and 2008*
2. *Audited by KPMG LLP for consolidation purposes for the financial years ended 31 December 2006 and 2007 and audited by HLB Niugini, PNG for the financial year ended 31 December 2008*
3. *Audited by Lo Hock Ling & Co. for the financial year ended 31 December 2006 and KPMG LLP for the financial years ended 31 December 2007 and 2008*
4. *Audited by Ekpanya Consulting Co., Ltd., Laos*
5. *Audited by V.R. & Co, India for the financial years ended 31 March 2006, 2007 and 2008*
6. *Audited by Fok Oi Leng & Co*
7. *Audited by Chui & Kwok, Hong Kong*
8. *Audited by Smalley & Co*
9. *Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., PRC*
10. *Audited by Yangzhou Huicheng Union Certified Public Accountants Co., Ltd., PRC*
11. *Audited by Shanghai Dragon Certified Public Accountants Co., Ltd., PRC*
12. *Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC*

The auditors' reports on the statutory financial statements of the companies within the Group for the financial years ended 31 December 2006, 2007 and 2008 were not subject to any material qualifications, modifications or disclaimers. The financial statements for the six-month period ended 30 June 2009 are not required to be audited.

The statutory financial statements of Tiong Seng Contractors, Steeltech, Robin Village, Jetscan (Singapore), Finique Design, Tiong Seng Properties and Chang De Investment are prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). They are audited by Certified Public Accountants registered with the Accounting and Corporate Regulatory Authority ("ACRA") of the Republic of Singapore.

The statutory financial statements of TSC (PNG) for the year ended 31 December 2008 are prepared in accordance with general accepted accounting principles ("GAAP") applicable in PNG and audited by Certified Public Accountants registered under the Accountants Act 1996 (PNG).

The statutory financial statements of LSC Limited are prepared in accordance with GAAP applicable in Laos and audited by Certified Public Accountants registered with the Ministry of Finance of Laos.

The statutory financial statements of TSC (India) are prepared in accordance with GAAP applicable in India and audited by Chartered Accountants registered with the Institute of Chartered Accountants of India.

The statutory financial statements of Jetscan (HK) are prepared in accordance with Hong Kong Financial Reporting Standards and audited by Certified Public Accountants under Section 28A of the Hong Kong Professional Accountants Ordinance, Chapter 50.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

1. Business and organisation (continued)

The statutory financial statements of Suzhou Huisheng, Jiangsu Huiyang, Yangzhou Huixin, Jiangsu Huihan, Yangzhou Huili, Suzhou Shengyang, Dafeng, Tianjin Zizhulin, Tianjin Tianmen Jinwan, Tianjin Zizhulin Investment, Cangzhou Huashi and Tianjin Zizhulin Nanxi are prepared in accordance with GAAP applicable in the PRC and audited by firms of Certified Public Accountants, which are members of the Chinese Institute of Certified Public Accountants.

2 Significant accounting policies

(a) Statement of compliance

The combined financial statements have been prepared in accordance with the FRS.

(b) Basis of preparation

The combined financial statements of the Group represent the combination or aggregation of all the financial statements of the companies in the Group, on the basis that the Group had been in existence prior to 1 January 2006, and the Group's interest in jointly controlled entities and associates.

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

The financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which the entity operates. The combined 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.

(c) Use of estimates and judgements

The preparation of the combined 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 and 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.

2 Significant accounting policies (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the combined financial statements and that have a significant risk of resulting in a material adjustment within the next financial year is included in the following note 5 – classification of investment properties.

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

Note 3	—	measurement of recoverable amount of property, plant and equipment
Note 5	—	measurement of recoverable amounts of investment properties
Note 7	—	assessment of impairment losses on doubtful receivables
Note 9	—	assessment of impairment losses on other investments
Note 12	—	construction contracts and estimation of allowance for foreseeable losses
Note 13	—	measurement of carrying amounts of completed properties held for sale and properties under development
Note 18	—	estimation of provision for claims
Note 20(a)	—	revenue and costs recognition from construction contracts
Note 23	—	estimation of provisions for current and deferred taxation

The accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these combined financial statements.

(d) Basis of consolidation

Subsidiaries

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

Business combinations

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

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

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The combined financial statements include the Group's share of the income, expenses and equity movements of associates and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interests in an associate or a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The combined financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

2 Significant accounting policies (continued)

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 combined 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.

(e) Foreign currencies

Foreign currency transactions

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

Foreign exchange differences arising on retranslation are recognised in profit or loss except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments (see note 2(i)), which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting dates. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2006, the exchange rates at the date of acquisition were used.

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

2 Significant accounting policies (continued)

Net investment in foreign operation

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

(f) Property, plant and equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Disposals

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

2 Significant accounting policies (continued)

Depreciation

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

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

The estimated useful lives are as follows:

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

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

(g) Intangible assets

Goodwill

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

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

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2(j). Negative goodwill is recognised immediately in profit or loss.

2 Significant accounting policies (continued)

Licence fee

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

Computer software

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

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

Amortisation

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

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

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

(h) 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.

2 Significant accounting policies (continued)

Depreciation

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

The estimated useful lives are as follows:

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

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

Transfers

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

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

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

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

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

(i) Financial instruments

Non-derivative financial instruments

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

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

2 Significant accounting policies (continued)

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

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

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

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (see note 2(j)), and foreign exchange gains and losses on available-for-sale monetary items (see note 2(e)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

(j) Impairment

Financial assets (including receivables)

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

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

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

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

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

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

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

Non-financial assets

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

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

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

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) 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 2(r)) less progress billings and recognised losses. It is presented in the statement of financial position as a current asset under “construction work-in-progress” or as a current liability under “progress billings in excess of construction work-in-progress”, as applicable.

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

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”.

(m) Development properties

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

2 Significant accounting policies (continued)

Properties under development for sale

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

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

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

Completed properties for sale

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

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

(n) Non-current assets held for sale

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

2 Significant accounting policies (continued)

(o) Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

(p) 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.

(q) Leases

When entities within the Group are lessees of a finance lease

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

When entities within the Group are lessees of an operating lease

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

(r) Revenue recognition

Construction contracts

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

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

Sales of development properties

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

Rental income

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

(s) Government grants

Jobs Credit Scheme

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

2 Significant accounting policies (continued)

(t) Finance income and expenses

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

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

The Group has capitalised borrowing costs with respect to investment properties (see note 5) and development properties (see note 13).

(u) Income tax expense

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

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

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

2 Significant accounting policies (continued)

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

(v) 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.

(w) Segment reporting

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's CEO, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 26).

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

2 Significant accounting policies (continued)

(x) New standards and interpretations not yet adopted

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

- Amendments to FRS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
- Amendments to FRS 102 *Share-based Payment — Group cash-settled share-based payment transactions*
- FRS 103 (revised) *Business Combinations* and FRS 27 (revised) *Separate and Consolidated Financial Statements*
- Improvements to FRSs 2009
- INT FRS 117 *Distributions of Non-cash Assets to Owners*

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any materials impact on the Group's combined financial statements.

The Group has not considered the impact of accounting standards issued after the reporting date.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

3. Property, plant and equipment

	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, equipment and electrical fittings $'000	Motor vehicles $'000	Assets and property under construction $'000	Total $'000
Cost							
At 1 January 2006	—	10,285	21,928	1,910	6,447	1,416	41,986
Additions	—	109	7,598	224	1,600	—	9,531
Acquisition of a subsidiary	—	—	—	4	—	—	4
Disposals/Write-off	—	—	(671)	(330)	(1,390)	—	(2,391)
Effects of movements in exchange rates	—	(14)	(130)	(27)	(60)	(67)	(298)
At 31 December 2006	—	10,380	28,725	1,781	6,597	1,349	48,832
Additions	5,557	378	5,044	237	399	268	11,883
Disposals/Write-off	—	—	(6,432)	(620)	(969)	—	(8,021)
Disposal of a subsidiary	—	—	—	(1)	(24)	(1,349)	(1,374)
Effects of movements in exchange rates	—	(3)	(84)	(6)	(87)	—	(180)
At 31 December 2007	5,557	10,755	27,253	1,391	5,916	268	51,140
Additions	—	—	27,234	190	597	—	28,021
Acquisition of a subsidiary	—	—	—	—	23	—	23
Disposals/Write-off	—	(291)	(205)	(127)	(285)	—	(908)
Disposal of subsidiaries	—	—	—	(15)	(2)	—	(17)
Transferred to investment properties	—	—	—	—	—	(268)	(268)
Effects of movements in exchange rates	—	30	165	30	170	—	395
At 31 December 2008	5,557	10,494	54,447	1,469	6,419	—	78,386
Additions	—	83	1,901	110	287	—	2,381
Disposals/Write-off	—	—	(53)	(96)	(792)	—	(941)
Effects of movements in exchange rates	—	3	45	16	55	—	119
At 30 June 2009	5,557	10,580	56,340	1,499	5,969	—	79,945

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

3. Property, plant and equipment (continued)

	Leasehold land	Leasehold properties	Plant and machinery	Furniture, equipment and electrical fittings	Motor vehicles	Assets and property under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation and impairment losses							
At 1 January 2006	—	4,700	19,495	1,473	4,148	—	29,816
Depreciation charge for the year	—	181	2,688	179	606	—	3,654
Disposals/Write-off	—	—	(620)	(301)	(1,107)	—	(2,028)
Effects of movements in exchange rates	—	(4)	(73)	(14)	(25)	—	(116)
At 31 December 2006	—	4,877	21,490	1,337	3,622	—	31,326
Depreciation charge for the year	26	188	2,827	163	726	—	3,930
Disposals/Write-off	—	—	(6,105)	(618)	(931)	—	(7,654)
Disposal of a subsidiary	—	—	—	—	(8)	—	(8)
Reversal of impairment losses	—	(1,510)	—	—	—	—	(1,510)
Effects of movements in exchange rates	—	(14)	(30)	(4)	(61)	—	(109)
At 31 December 2007	26	3,541	18,182	878	3,348	—	25,975
Depreciation charge for the year	105	265	12,779	196	671	—	14,016
Disposals/Write-off	—	(20)	(187)	(120)	(118)	—	(445)
Disposal of subsidiaries	—	—	—	(8)	—	—	(8)
Effects of movements in exchange rates	—	16	90	12	139	—	257
At 31 December 2008	131	3,802	30,864	958	4,040	—	39,795
Depreciation charge for the period	52	151	8,999	105	307	—	9,614
Disposals/Write-off	—	—	(36)	(29)	(734)	—	(799)
Effects of movements in exchange rates	—	—	30	14	42	—	86
At 30 June 2009	183	3,953	39,857	1,048	3,655	—	48,696
Carrying amount							
At 1 January 2006	—	5,585	2,433	437	2,299	1,416	12,170
At 31 December 2006	—	5,503	7,235	444	2,975	1,349	17,506
At 31 December 2007	5,531	7,214	9,071	513	2,568	268	25,165
At 31 December 2008	5,426	6,692	23,583	511	2,379	—	38,591
At 30 June 2009	5,374	6,627	16,483	451	2,314	—	31,249

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

3. Property, plant and equipment (continued)

The depreciation for the year/period is analysed as follows:

	Years ended 31 December			Six-month periods ended 30 June	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000 (unaudited)	$'000
Depreciation for the year/period	3,654	3,930	14,016	5,520	9,614
Depreciation included in construction work-in-progress	(2,610)	(2,132)	(12,925)	(5,069)	(9,170)
Depreciation charged to profit or loss	1,044	1,798	1,091	451	444

Assets held under finance lease

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

	31 December			30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Plant and machinery	614	1,998	1,568	1,345
Motor vehicles	1,699	1,575	1,260	1,324
	2,313	3,573	2,828	2,669

Security

Certain property, plant and equipment are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 19.

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.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

3. Property, plant and equipment (continued)

Impairment loss

Due to improvement of the property market in Singapore in 2007, the Group recognised reversal of impairment loss of $1,510,000 relating to one of its leasehold properties. The reversal of impairment loss was based on the valuation carried out by DTZ Debenham Tie Leung (SEA) Pte Ltd, a firm of independent professional valuers, using the open market valuation method. The reversal of impairment loss was included in profit or loss under "other expenses".

4. Intangible assets

Cost	**Goodwill $'000**	**Licence fee $'000**	**Computer software $'000**	**Total $'000**
At 1 January 2006 and 31 December 2006	326	82	78	486
Disposals/Write-off	(326)	(82)	(78)	(486)
At 31 December 2007, 31 December 2008 and 30 June 2009	—	—	—	—
Accumulated amortisation				
At 1 January 2006	—	34	78	112
Amortisation for the year	—	8	—	8
At 31 December 2006	—	42	78	120
Amortisation for the year	—	7	—	7
Disposals/Write-off	—	(49)	(78)	(127)
At 31 December 2007, 31 December 2008 and 30 June 2009	—	—	—	—
Carrying amount				
At 1 January 2006	326	48	—	374
At 31 December 2006	326	40	—	366
At 31 December 2007, 31 December 2008 and 30 June 2009	—	—	—	—

The carrying values of the Group's goodwill on acquisition of a subsidiary were assessed for impairment in 2006 and 2007. The recoverable amount of the goodwill was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. Management had considered and determined the factors applied in these financial budgets included budgeted gross margins of 10% per annum and discount rate of approximately 6% per annum had been used in discounting the projected cash flows. In 2007, based on the key assumptions, goodwill was written off as management believed that the carrying amount of goodwill exceeded its recoverable amount.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

5. Investment properties

	$'000
Cost	
At 1 January 2006	8,692
Disposals	(4,814)
Effects of movements in exchange rates	(45)
At 31 December 2006	3,833
Additions	2,412
Disposals	(2,039)
Transferred from development properties	17,509
Effects of movements in exchange rates	121
At 31 December 2007	21,836
Additions	229
Disposals	(110)
Transferred from development properties	2,692
Transferred from property, plant and equipment	268
Effects of movements in exchange rates	1,296
At 31 December 2008	26,211
Disposals	(83)
Transferred to non-current assets classified as held for sale	(641)
Effects of movements in exchange rates	193
At 30 June 2009	25,680
Accumulated depreciation and impairment losses	
At 1 January 2006	1,183
Depreciation charge for the year	74
Disposals	(733)
Effects of movements in exchange rates	(8)
At 31 December 2006	516
Depreciation charge for the year	598
Disposals	(318)
Effects of movements in exchange rates	(3)
At 31 December 2007	793
Depreciation charge for the year	737
Disposals	(6)
Effects of movements in exchange rates	64
At 31 December 2008	1,588
Depreciation charge for the period	364
Disposals	(6)
Transferred to non-current assets classified as held for sale	(44)
Effects of movements in exchange rates	3
At 30 June 2009	1,905
Carrying amount	
At 1 January 2006	7,509
At 31 December 2006	3,317
At 31 December 2007	21,043
At 31 December 2008	24,623
At 30 June 2009	23,775

5. Investment properties (continued)

The fair values of the investment properties as at 31 December 2007 and 2008 and 30 June 2009 are $31,355,000, $37,783,000 and $36,003,000 respectively. The Group determined that the fair value of the investment properties as at 31 December 2006 was not reliably determinable. Accordingly, the fair value of the investment properties of the Group as at 31 December 2006 is not disclosed.

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

Basis of valuation

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

Classification of investment properties

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

Investment properties leased out under operating leases

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

Minimum lease receivables

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

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Within one year	34	271	594	583
After one year but within five years	—	355	265	235
After five years	—	—	—	—
	34	626	859	818

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

5. Investment properties (continued)

Pledges of investment properties

Certain investment properties of the Group are mortgaged to financial institutions to secure credit facilities as disclosed in note 19.

6. Associates and joint ventures

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Investments in associates	1,916	267	266	—
Investments in joint ventures	1,748	2,998	9,937	17,281
	3,664	3,265	10,203	17,281

Details of the associates are as follows:

Name of associates	Principal activities	Country of incorporation	Effective equity interest held by the Group <— 31 December		—>	30 June
			2006	2007	2008	2009
			%	%	%	%
VT Builder Private Limited[1,4] ("VT Builder")	Construction works	Singapore	50	50	50	—
Shanghai Yatong Environment Development Co., Ltd.[2]	Waste water treatment	PRC	20	—	—	—
Fierce (Suzhou) Co., Ltd.[3]	Advertising and related business	PRC	40	40	40	40
Funing Waste Water Treatment Development Co., Ltd.[2] ("Funing")	Waste water treatment	PRC	42	—	—	—

1. *Audited by Fok Oi Leng & Co for the financial years ended 31 December 2006, 2007 and 2008*
2. *Audited by Shanghai Yongdexin Certified Public Accountants Co., Ltd. for the financial year ended 31 December 2006*
3. *Audited by Suzhou Times Certified Public Accountants Co., Ltd.*
4. *VT Builder was struck off the Register on 12 February 2009*

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

6. Associates and joint ventures (continued)

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Effective equity interest held by the Group			
			<— 31 December		—>	30 June
			2006	2007	2008	2009
			%	%	%	%
Incorporated joint ventures						
Sindia Consortium Pte. Ltd.[1]	Other investment holdings	Singapore	25	25	25	25
Cesma-Hua Kok-Tiong Seng-Neo Construction (India) Private Limited[2]	Construction works	India	25	25	25	25
Unincorporated joint ventures						
Samsung-Tiong Seng Joint Venture (partnership)[3]	Mixed construction activities	—	30	30	30	30
Kajima-Tiong Seng Joint Venture (partnership)[3]	Construction activities	—	—	—	40	40
Kajima-Tiong Seng Joint Venture (partnership)[3]	Construction works	—	30	30	30	30

1. *Audited by PricewaterhouseCoopers*
2. *Audited by Ramasamy Koteswara Rao & Co*
3. *Audited by KPMG LLP for consolidation purposes*

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:

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Assets and liabilities				
Total assets	17,230	643	647	115
Total liabilities	(12,348)	(225)	(325)	(359)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

6. Associates and joint ventures (continued)

	Years ended 31 December			Six-month periods ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
Results					
Revenue	2,697	42	110	42	46
Profit/(Loss) after taxation	35	(134)	(84)	(36)	(33)

There were no capital commitments and contingent liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009.

The summarised financial information relating to joint ventures is adjusted for the percentage of ownership held by the Group. The financial information of the Group's investments in joint ventures is as follows:

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Assets and liabilities				
Total assets	9,415	14,985	65,281	85,365
Total liabilities	(8,174)	(11,987)	(55,344)	(68,084)

	Years ended 31 December			Six-month periods ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
Results					
Revenue	18,953	34,158	100,473	12,294	100,264
Profit after taxation	610	1,535	6,981	801	7,344

There were no capital commitments and contingent liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

7. Trade and other receivables

	Note	← 31 December		→	30 June
		2006	2007	2008	2009
		$'000	$'000	$'000	$'000
Non-current					
Retention monies on construction contracts		6,325	10,866	15,331	8,978
Current					
Trade receivables		12,055	20,437	27,038	14,051
Less: Allowance for doubtful receivables	30(b)	(23)	(385)	(234)	(234)
		12,032	20,052	26,804	13,817
Advances to suppliers:					
— trade		28	1,383	—	1,483
— non-trade		—	595	27	—
Accrued receivables		18,256	35,561	34,873	43,488
Retention monies on construction contracts		2,477	8,296	13,080	24,895
Deposits and prepayments		2,813	2,160	2,174	1,933
Deposit placed for acquisition of land use rights		—	14,873	18,989	19,148
Deposit placed for joint development project		—	—	2,110	2,128
Loans to:					
— an investee company		625	—	—	—
— a business associate		—	1,983	—	—
Prepayment for acquisition of a subsidiary	25(a)	—	7,666	—	—
Prepayment for resettlement costs		—	3,173	431	299
Receivable in relation to disposal of a subsidiary	25(c)	—	2,380	—	—
Receivable in relation to sales of investment properties		3,621	1,558	—	—
Tax recoverable		839	575	3,078	—
Tax prepayments		—	571	2,909	—
Other receivables		2,470	2,579	1,414	2,037
		43,161	103,405	105,889	109,228
Total		49,486	114,271	121,220	118,206

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

7. Trade and other receivables (continued)

In 2007, the non-trade advance to a supplier was unsecured and bore interest at 1% per annum. The amount was fully repaid in 2008.

In 2007, the deposit placed for acquisition of land use rights related to the purchase of a piece of land in Yangzhou, PRC. The acquisition was subsequently aborted and the deposit was refunded in January 2008. In 2008 and 30 June 2009, the deposit placed for acquisition of land use rights relates to the purchase of a piece of land in Dagang, PRC.

In 2008 and 30 June 2009, a refundable deposit is placed for a joint development project to jointly develop a piece of land with an external party in Dagang, PRC.

In 2006, the loan to an investee company was unsecured, interest-free and repayable on demand. The amount was fully repaid in 2007.

In 2007, the loan to a business associate was unsecured and bore interest at 1% per annum. The amount was fully repaid in 2008.

In 2007, prepayment for acquisition of a subsidiary related to the acquisition of a 19% equity interest in Cangzhou Huashi. The 19% equity interest in Cangzhou Huashi was acquired in 2008.

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

8. Amounts due from/(to) related parties

Amounts due from related parties

	← 31 December		→	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Non-current				
Retention monies due from joint ventures	—	680	334	563
Current				
Trade amounts due from:				
— a corporate shareholder	44	9	—	—
— associates	422	—	—	—
— joint ventures	44	893	896	4,188
Retention monies due from a joint venture	—	—	382	—
	510	902	1,278	4,188

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

8. Amounts due from/(to) related parties (continued)

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments to a minority shareholder	3,806	—	—	—
Non-trade amounts due from:				
— an associate	—	183	—	—
— affiliated corporations	—	—	88	323
— joint ventures	—	—	1,308	2,372
— minority shareholders	1,323	10,305	17,238	17,770
	5,129	10,488	18,634	20,465
Loans to minority shareholders	—	—	2,110	2,574
	5,639	11,390	22,022	27,227
Total	5,639	12,070	22,356	27,790

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.

Prepayments to a minority shareholder related to fees paid to the minority shareholder to assist the Group in the resettlement process of a development project in Tianjin, PRC.

The non-trade amount due from an associate was unsecured, interest-free and repayable on demand.

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

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

(i) Amounts of $1,076,000, $2,820,000, $2,466,000 and $17,106,000 are secured by undistributed retained earnings of subsidiaries yet to be distributed as dividends to the minority shareholders of those subsidiaries as at 31 December 2006, 2007 and 2008 and 30 June 2009 respectively; and

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

8. Amounts due from/(to) related parties (continued)

(ii) Amounts of $7,485,000 and $14,498,000 are secured by future dividends distributions by a subsidiary to the minority shareholder of that subsidiary as at 31 December 2007 and 2008 respectively.

The loans of $2,383,000 to a minority shareholder are secured, bear interests at rates of 12.09% to 18% per annum and are repayable within a year. The remaining amounts to minority shareholders are mainly unsecured, interest-free and are repayable within a year.

Amounts due to related parties

	<—— 31 December		——>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Loans from:				
— an affiliated corporation	—	—	(5,675)	(5,723)
— a minority shareholder	—	—	(4,147)	(3,659)
Non-trade amount due to an affiliated corporation	—	—	(348)	(825)
Total non-current amounts due to related parties	—	—	(10,170)	(10,207)
Current				
Trade amounts due to:				
— a corporate shareholder	(356)	(185)	—	—
— an affiliated corporation	—	—	(1,599)	(1,186)
— joint ventures	—	—	(682)	(16)
	(356)	(185)	(2,281)	(1,202)
Non-trade amounts due to:				
— a corporate shareholder	—	—	(293)	(558)
— a director of a subsidiary	—	(25)	—	(3)
— associates	(805)	—	—	—
— minority shareholders	(327)	—	(4,089)	(4,179)
	(1,132)	(25)	(4,382)	(4,740)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

8. Amounts due from/(to) related parties (continued)

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Loans from:				
— a corporate shareholder	—	—	(10,000)	(10,000)
— a corporate shareholder of a subsidiary which is also an affiliated corporation	(3,267)	(3,081)	(3,072)	(3,097)
— an affiliated corporation	(11,912)	(8,746)	—	—
— minority shareholders	(3,183)	—	(2,191)	(2,019)
	(18,362)	(11,827)	(15,263)	(15,116)
Total current amounts due to related parties	(19,850)	(12,037)	(21,926)	(21,058)
Total	(19,850)	(12,037)	(32,096)	(31,265)

In 2006, the short-term loans of $11,912,000 from an affiliated corporation were unsecured, bore interest at rates of 4% to 10% per annum. In 2007, the loans amounted to $8,746,000 after partial repayment of $3,166,000. In 2008, the repayment date of the remaining loans balance of $5,675,000 was extended to 15 July 2010 and accordingly, they have been reclassified to long-term loans. In 2007, 2008 and 30 June 2009, the loans are unsecured and bear interest at an effective rate of 8% to 10% per annum.

The long-term loan from a minority shareholder is unsecured, interest-free and repayable by 31 December 2010.

The long-term non-trade amount due to an affiliated corporation relates to accrue of loan interest expense which will be repaid together with the loan principal.

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

In 2006, the non-trade amounts due to associates and minority shareholders were for working capital purposes and were unsecured, interest-free and repayable on demand.

In 2008 and 30 June 2009, the non-trade amounts due to minority shareholders mainly relate to consideration outstanding in relation to acquisition of Cangzhou Huashi. The amounts are unsecured, interest-free and repayable on demand.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

8. Amounts due from/(to) related parties (continued)

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

In 2006, the short-term loans from a minority shareholder were unsecured, bore interest at an average rate of 4% per annum and repayable on demand. In 2007, the loans were offset against the prepayments for resettlement costs made to the same minority shareholder. In 2008 and 30 June 2009, the short-term loans from minority shareholders are unsecured, bear interest at a rate of 8% per annum and repayable on demand.

9. Other investments

	<— 31 December		—>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Club membership, at cost	285	285	285	285
Available-for-sale investment securities				
Quoted equity investments, at fair value	405	191	20	42
Unquoted equity investments, at cost	1,804	2,799	4,737	4,740
Impairment losses	(1,200)	(1,200)	(1,850)	(1,630)
	604	1,599	2,887	3,110
Total	1,294	2,075	3,192	3,437

The unquoted equity investments are stated at cost since there is no market comparables or reliable estimates available to project future cash flows of the investee companies to arrive at their fair values.

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

	<— 31 December		—>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	1,200	1,200	1,200	1,850
Impairment loss recognised/(reversed)	—	—	650	(220)
At 31 December/30 June	1,200	1,200	1,850	1,630

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

9. Other investments (continued)

A subsidiary's unquoted equity investment incurred a net loss of approximately $5,138,000 for the financial year ended 31 December 2008. In this connection, the directors of the subsidiary have assessed the recoverable amount of the investment based on its estimated net fair value. An impairment loss of $650,000 on the unquoted equity investment is recognised in profit or loss under other expenses in the financial year ended 31 December 2008. On 30 June 2009, the directors of the subsidiary have assessed the recoverable amount of another investment based on its estimated net fair value and reversed impairment loss of $220,000 made previously on the unquoted equity investment. The reversal of impairment loss is recognised in profit or loss under other expenses in the financial period ended 30 June 2009.

10. Deferred tax assets and liabilities

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

	At 1 January 2006 $'000	Recognised in profit or loss (note 23) $'000	At 31 December 2006 $'000
Deferred tax assets			
Trade and other payables	39	14	53
Estimated benefit on loss carry forward	1,077	(990)	87
	1,116	(976)	140
Deferred tax liabilities			
Property, plant and equipment	6	(191)	(185)
Profits on uncompleted projects	(1,886)	748	(1,138)
Unremitted earnings	(706)	(11)	(717)
	(2,586)	546	(2,040)

	At 1 January 2007 $'000	Recognised in profit or loss (note 23) $'000	At 31 December 2007 $'000
Deferred tax assets			
Trade and other payables	53	12	65
Estimated benefit on loss carry forward	87	274	361
Unutilised wear and tear allowance	—	334	334
	140	620	760

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

10. Deferred tax assets and liabilities (continued)

	At 1 January 2007 $'000	Recognised in profit or loss (note 23) $'000	At 31 December 2007 $'000
Deferred tax liabilities			
Property, plant and equipment	(185)	(432)	(617)
Profits on uncompleted projects	(1,138)	(2,330)	(3,468)
Unremitted earnings	(717)	168	(549)
	(2,040)	(2,594)	(4,634)

	At 1 January 2008 $'000	Recognised in profit or loss (note 23) $'000	At 31 December 2008 $'000
Deferred tax assets			
Trade and other payables	65	15	80
Estimated benefit on loss carry forward	361	562	923
Unutilised wear and tear allowance	334	(334)	—
Unutilised investment allowance	—	146	146
	760	389	1,149
Deferred tax liabilities			
Property, plant and equipment	(617)	253	(364)
Profits on uncompleted projects	(3,468)	3,056	(412)
Unremitted earnings	(549)	51	(498)
	(4,634)	3,360	(1,274)

	At 1 January 2009 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2009 $'000
Deferred tax assets			
Property, plant and equipment	—	248	248
Investment properties	—	382	382
Other receivables	—	6	6
Trade and other payables	80	(5)	75
Estimated benefit on loss carry forward	923	(130)	793
Unutilised investment allowance	146	1,909	2,055
	1,149	2,410	3,559

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

10. Deferred tax assets and liabilities (continued)

	At 1 January 2009 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2009 $'000
Deferred tax liabilities			
Property, plant and equipment	(364)	364	—
Other receivables	—	(90)	(90)
Development properties	—	(595)	(595)
Trade and other payables	—	(75)	(75)
Profits on uncompleted projects	(412)	(5,670)	(6,082)
Unremitted earnings	(498)	—	(498)
	(1,274)	(6,066)	(7,340)

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

	← 31 December		→	30 June
	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Deferred tax assets	87	360	937	995
Deferred tax liabilities	(1,987)	(4,234)	(1,062)	(4,776)

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

	← 31 December		→	30 June
	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Deductible temporary differences	2,725	4,136	4,582	4,582
Tax losses	5,069	7,354	6,452	5,822
	7,794	11,490	11,034	10,404

Included in the above tax losses are tax losses of $227,000 and $557,000 as at 31 December 2008 and 30 June 2009 respectively which expire as follows:

Years of tax losses expiring	—	—	2009-2013	2010-2014

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

10. Deferred tax assets and liabilities (continued)

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 $5,918,000 of certain overseas subsidiaries for the six-month period ended 30 June 2009 (31 December 2006 and 2007: Nil, and 31 December 2008: $958,000) as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

11. Inventories

	31 December			30 June
	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Raw materials	1,076	—	—	—
Allowance for obsolescence	(448)	—	—	—
	628	—	—	—

The movement in allowance for obsolescence of inventories during the year/period is as follows:

	2006 $'000	2007 $'000	2008 $'000	2009 $'000
At 1 January	465	448	—	—
Utilisation	(17)	(448)	—	—
At 31 December/30 June	448	—	—	—

12. Construction work-in-progress

	31 December			30 June
	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Costs incurred	76,686	267,231	512,581	430,588
Attributable profits and losses	6,268	21,462	38,014	38,931
	82,954	288,693	550,595	469,519
Allowance for foreseeable losses	—	—	(2,700)	(5,200)
	82,954	288,693	547,895	464,319
Progress billings	(81,859)	(278,992)	(539,006)	(465,990)
	1,095	9,701	8,889	(1,671)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

12. Construction work-in-progress (continued)

	< 31 December		>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Represented by:				
Construction work-in-progress	1,095	11,653	11,584	5,659
Progress billings in excess of construction work-in-progress	—	(1,952)	(2,695)	(7,330)
	1,095	9,701	8,889	(1,671)

The followings were capitalised in construction work-in-progress during the year/period:

Depreciation of property, plant and equipment	2,610	2,132	12,925	9,170
Staff costs	10,158	17,259	22,604	10,829
	12,768	19,391	35,529	19,999

Allowance for foreseeable losses

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

13. Development properties

	< 31 December		>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Completed properties held for sale	24,230	6,650	583	32,980
Properties under development	55,113	64,211	121,307	53,426
	79,343	70,861	121,890	86,406
Interest expense capitalised in development properties	1,061	2,640	4,605	3,593

All development properties are located in the PRC.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

13. Development properties (continued)

As explained in note 2(m), the Group's completed properties held for sale and properties under development are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development and the costs to be incurred in selling the properties based on prevailing market conditions. If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for impairment on completed properties for sale and properties under development. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for impairment on properties in the period in which such estimate is changed will be adjusted accordingly. In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcome in terms of costs and revenue may be higher or lower than estimated at the reporting dates. Any increase or decrease in the provision would affect profit or loss in future years.

Certain development properties are mortgaged to the banks as collateral for credit facilities provided to the Group and an external party as collateral for a loan provided to a minority shareholder as disclosed in notes 19 and 28 respectively.

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

Years/Period	**Types of development**	**Lease expiring**
At 31 December 2006	Commercial use	14 October 2041 to 7 November 2065
At 31 December 2006	Residential use	7 November 2065 to 25 March 2077
At 31 December 2007	Commercial/integrated commercial use	14 October 2041 to 26 August 2054
At 31 December 2007	Residential use	25 March 2077
At 31 December 2008	Commercial/integrated commercial use	14 October 2041 to 26 August 2054
At 31 December 2008	Residential use	15 August 2076 to 25 March 2077
At 30 June 2009	Commercial/integrated commercial use	14 October 2041 to 26 August 2054
At 30 June 2009	Residential use	15 August 2076 to 25 March 2077

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

14. Cash and cash equivalents

		<——— 31 December		———>	30 June
	Note	**2006**	**2007**	**2008**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand		14,563	25,215	9,659	19,539
Fixed deposits		1,540	2,042	1,273	2,311
		16,103	27,257	10,932	21,850
Bank overdrafts	19	(7,298)	(21,013)	(15,416)	—
		8,805	6,244	(4,484)	21,850
Deposits pledged		(868)	(1,899)	(2,374)	(2,311)
Cash and cash equivalents in the combined statements of cash flows		7,937	4,345	(6,858)	19,539

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents at 31 December 2006, 2007 and 2008 and 30 June 2009 are 1.43%, 0.39%, 0.68% and 0.10% per annum respectively.

Included in pledged deposits as at 31 December 2006 and 2007 were guarantee deposits respectively of $147,000 and $463,000, in respect of proceeds received from the pre-sale of properties under development in PRC held under designated bank accounts. The withdrawals of these deposits are designated for payments for construction expenditure incurred on relevant property projects. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate whichever is the earlier.

The remaining deposits were pledged as security to obtain credit facilities.

15. Assets classified as held for sale

The investment in Jiangsu Huitong Construction Development Co., Ltd. ("Jiangsu Huitong") is presented as non-current asset classified as held for sale as at 31 December 2007 and 2008 and 30 June 2009 following the decision of the Group on 23 September 2007 to sell the investment to a third party. The delay in disposal of Jiangsu Huitong is due to the longer than expected legal and administrative procedures that have to be met in the PRC before disposal could be effected. At 31 December 2007 and 2008 and 30 June 2009, the carrying amount of the investment is $439,000. Subsequent to 30 June 2009, the Group has disposed off Jiangsu Huitong for $439,000. There is no gain or loss arising from the disposal.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

15. Assets classified as held for sale (continued)

An investment property is presented as non-current asset classified as held for sale as at 30 June 2009 following the decision of the Group to sell the investment property to a third party. At 30 June 2009, the carrying amount of the investment property is $597,000. Subsequent to 30 June 2009, the Group has disposed off the investment property at a sale price of $631,000 with a gain of $34,000.

At 30 June 2009, the carrying amount of Jiangsu Huitong and the investment property amounted to $1,036,000.

16. Share capital

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Issued and fully paid				
At 1 January and 31 December/30 June	20,000	20,000	20,000	20,000

For the purposes of preparing the combined financial statements, the share capital as at 31 December 2006, 2007 and 2008 and 30 June 2009 comprises the shares of the Company and its subsidiaries.

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

Capital management

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

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

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the three years ended 31 December 2008 and the six-month period ended 30 June 2009.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

17. Reserves

	← 31 December		→	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Capital reserve	(189)	(189)	(189)	(189)
Statutory reserve	30	189	944	944
Fair value reserve	124	112	—	22
Foreign currency translation reserve	(3,023)	(2,769)	(1,396)	(1,868)
	(3,058)	(2,657)	(641)	(1,091)

Capital reserve

The capital reserve comprises foreign exchange differences arising from the translation of the share capital upon the capital injection by Tiong Seng Contractors in a subsidiary.

Statutory reserve

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

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

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

17. Reserves (continued)

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.

18. Trade and other payables

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Non-current				
Retention sums payable	2,421	3,984	7,026	9,334
Current				
Trade payables	29,754	19,113	16,591	19,430
Accrued trade payables	13,913	41,702	43,864	48,577
Accrued operating expenses	2,099	3,628	4,086	2,359
Provision for claims	783	1,717	935	791
Receipts in advance	11,673	34,923	63,975	11,487
Retention sums payable	2,140	2,307	6,147	6,581
Other payables	4,952	8,189	8,146	6,583
	65,314	111,579	143,744	95,808
Total	67,735	115,563	150,770	105,142

Included in receipts in advance as at 31 December 2006, 2007 and 2008 and 30 June 2009 were instalments of sales proceeds received from buyers of $10,971,000, $34,923,000, $63,975,000 and $11,375,000 respectively, in connection with the Group's pre-sales of properties under development and completed properties held for sale.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

18. Trade and other payables (continued)

The movements in provisions for claims are as follows:

	$'000
At 1 January 2006	791
Provisions utilised	(8)
At 31 December 2006	783
Provisions made	934
At 31 December 2007	1,717
Provisions made	43
Provisions utilised	(825)
At 31 December 2008	935
Provisions utilised	(144)
At 30 June 2009	791

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

19. Loans and borrowings

		← 31 December		→	30 June
	Note	**2006**	**2007**	**2008**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
Non-current					
Secured bank loans		3,745	41,172	2,942	9,567
Finance lease liabilities		825	1,161	497	228
		4,570	42,333	3,439	9,795

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

19. Loans and borrowings (continued)

	Note	<—— 31 December		——>	30 June
		2006	2007	2008	2009
		$'000	$'000	$'000	$'000
Current					
Secured bank overdrafts	14	7,298	21,013	15,416	—
Secured bank loans		7,176	8,498	54,767	42,791
Secured loan from a supplier		—	991	—	—
Secured loan from business associates		—	—	—	1,117
Unsecured loan from a business associate		—	—	633	638
Finance lease liabilities		523	868	878	827
		14,997	31,370	71,694	45,373
Total loans and borrowings		19,567	73,703	75,133	55,168
Maturities of liabilities (excluding finance lease liabilities)					
Within 1 year		14,474	30,502	70,816	44,546
After 1 year but within 5 years		3,745	41,172	2,942	9,567
After 5 years		—	—	—	—
		18,219	71,674	73,758	54,113

The secured bank loans, secured bank overdrafts, secured loan from a supplier and secured loan from business associates are secured on the following assets:

	<—— 31 December		——>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Carrying amounts of assets:				
Leasehold land	—	5,531	5,426	5,374
Leasehold properties	5,123	6,462	6,157	6,106
Investment properties	895	9,452	1,033	984
Development properties	8,048	48,746	81,078	26,360
Plant and machinery	1,440	1,496	15,132	9,733
Deposits pledged	721	1,436	2,374	2,311
Total	16,227	73,123	111,200	50,868

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

19. Loans and borrowings (continued)

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

Terms and debt repayment schedule

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

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 31 December 2006				
Secured bank loans	Renminbi ("RMB")	6.91-7.96	2007	8,502
Secured bank loans	Singapore dollars ("SGD")	2.68-5.38	2007-2009	2,419
Secured bank overdrafts	SGD	5.37-6.50	2007	7,298
Finance lease liabilities	SGD	1.20-6.10	2007-2012	1,348
Total loans and borrowings				19,567
At 31 December 2007				
Secured bank loans	RMB	7.47-9.77	2008-2009	42,187
Secured bank loans	SGD	2.68-5.25	2008-2009	7,483
Secured bank overdrafts	SGD	5.25-6.50	2008	21,013
Secured loan from a supplier	RMB	7.88	2008	991
Finance lease liabilities	SGD	1.50-9.53	2008-2012	2,029
Total loans and borrowings				73,703
At 31 December 2008				
Secured bank loans	RMB	7.33-7.84	2009-2010	23,209
Secured bank loans	SGD	2.19-5.25	2009-2011	34,500
Secured bank overdrafts	SGD	5.00-5.50	2009	15,416
Unsecured loan from a business associate	RMB	—	2009	633
Finance lease liabilities	SGD	2.30-5.13	2009-2012	1,375
Total loans and borrowings				75,133

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

19. Loans and borrowings (continued)

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 30 June 2009				
Secured bank loans	RMB	6.98-7.84	2010-2011	21,062
Secured bank loans	SGD	1.88-5.25	2009-2011	31,296
Secured loan from business associates	RMB	42.00	2009	1,117
Unsecured loan from a business associate	RMB	—	2009	638
Finance lease liabilities	SGD	2.30-5.13	2009-2012	1,055
Total loans and borrowings				55,168

In 2009, a subsidiary of the Group has entered into certain secured loans arrangements with its business associates. The interest rate for these loans is at a rate of 42% per annum. These loans were arranged by a minority shareholder of another subsidiary as the subsidiary has previously granted loans to the minority shareholder which remained outstanding at 30 June 2009. For commercial reason, it was contractually agreed between the first mentioned subsidiary and the minority shareholder that the interest expense incurred for these loans arrangements is borne by the minority shareholder, and to be recognised as interest income on loans to the minority shareholder. The respective interest expense on loan from business associates and interest income on loans to the minority shareholder amounted to $274,000 for the six-month period ended 30 June 2009.

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2006			
Within 1 year	523	35	558
After 1 year but within 5 years	820	66	886
After 5 years	5	1	6
	1,348	102	1,450

19. Loans and borrowings (continued)

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2007			
Within 1 year	868	77	945
After 1 year but within 5 years	1,161	47	1,208
After 5 years	—	—	—
	2,029	124	2,153
At 31 December 2008			
Within 1 year	878	46	924
After 1 year but within 5 years	497	13	510
After 5 years	—	—	—
	1,375	59	1,434
At 30 June 2009			
Within 1 year	827	28	855
After 1 year but within 5 years	215	21	236
After 5 years	13	1	14
	1,055	50	1,105

20. Revenue

(a) Revenue from construction contracts

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

20. Revenue (continued)

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 properties held for sale as disclosed in note 2(r). The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 28, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations before delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experience, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees being called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers through either the receipt of completion certificate or handing over of keys to the purchasers, whichever is later.

(c) Rental income

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
Rental income from:					
— investment properties	290	391	1,277	860	421
— leasehold properties	20	20	16	9	1
— plant and machinery	1,228	1,425	1,029	645	195
	1,538	1,836	2,322	1,514	617

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

21. Profit before income tax

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

	Note	Years ended 31 December			Six-month periods ended 30 June	
		2006	2007	2008	2008	2009
		$'000	$'000	$'000	$'000 (unaudited)	$'000
(a) Other income						
Business tax incentive		—	—	—	—	3,128
Fees from management of properties		59	109	364	128	111
Gain on disposal of:						
— an associate		—	214	—	—	—
— intangible assets		—	43	—	—	—
— investment properties		413	—	375	375	147
— other investments		274	136	26	—	—
— property, plant and equipment		514	1,841	135	23	1,223
— spare parts and materials		—	—	207	197	14
— subsidiaries	25(c)	—	13,279	355	—	—
Government grant — jobs credit scheme		—	—	—	—	374
Management fees from a joint venture		23	—	—	—	—
Provision of demolition services and miscellaneous works		—	190	472	53	115
Provision of project administrative services		—	—	—	—	464
Others		214	328	542	457	162
		1,497	16,140	2,476	1,233	5,738

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

21. Profit before income tax (continued)

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

	Note	Years ended 31 December			Six-month periods ended 30 June	
		2006	2007	2008	2008	2009
		$'000	$'000	$'000	$'000 (unaudited)	$'000
(b) Other expenses includes:						
Allowance for doubtful trade receivables	30(b)	—	362	110	110	—
Bank charges		112	73	269	14	16
Direct operating expenses arising from rental of investment properties, plant and machinery		516	613	826	674	182
Impairment losses on:						
— quoted equity investments		—	—	32	—	—
— unquoted equity investments		—	—	650	—	—
Initial public offering expenses		—	270	1,446	791	173
Loss on disposal of investment properties		—	5	—	—	—
Operating lease expenses		440	477	398	170	283
Reversal of allowance for impairment losses in:						
— property, plant and equipment		—	(1,510)	—	—	—
— unquoted equity investments		—	—	—	—	(220)
Travelling and transport		370	289	511	291	312
Write off of:						
— bad debts		135	317	102	102	—
— intangible assets		—	33	—	—	—
— inventories		—	432	—	—	—
— property, plant and equipment		5	4	2	2	68

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

21. Profit before income tax (continued)

	Note	Years ended 31 December			Six-month periods ended 30 June	
		2006 $'000	2007 $'000	2008 $'000	2008 $'000 (unaudited)	2009 $'000
(c) Staff costs						
Wages and salaries		14,716	22,769	28,915	14,754	13,725
Contribution to defined contribution plans		887	1,595	1,573	690	723
Increase in liability for short-term accumulating compensated absence		263	363	110	50	127
Others		361	217	252	86	445
Staff costs for the year/period		16,227	24,944	30,850	15,580	15,020
The staff costs are arrived at as follows:						
Staff costs for the year/period		16,227	24,944	30,850	15,580	15,020
Staff costs capitalised in construction work-in-progress	12	(10,158)	(17,259)	(22,604)	(11,628)	(10,829)
Staff costs charged to profit or loss		6,069	7,685	8,246	3,952	4,191

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

22. Finance income and expenses

	Years ended 31 December			Six-month periods ended 30 June	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000 (unaudited)	$'000
Recognised in profit or loss					
Dividend income from:					
— available-for-sale financial assets	2	6	6	4	—
— debts securities*	—	12,142	—	—	—
Interest income on:					
— cash and cash equivalents	265	208	182	76	16
— loan to a business associate	—	—	398	386	—
— loan to an investee	—	—	689	541	—
— loan to a minority shareholder	—	—	265	138	364
Accretion of discount implicit in retention sum receivables	140	499	2,616	2,382	1,480
Implicit interest in retention sum payables	163	420	408	278	690
Finance income	570	13,275	4,564	3,805	2,550
Interest expense on:					
— bank loans	(541)	(765)	(1,318)	(574)	(1,017)
— bank overdrafts	(75)	(766)	(531)	(212)	(103)
— finance leases	(75)	(93)	(81)	(41)	(30)
— notes payable	—	(22)	—	—	—
— loan from a corporate shareholder	—	—	(258)	(55)	(223)
— loan from a supplier	—	(39)	—	—	—
— loan from business associates	—	—	—	—	(274)
Accretion of implicit interest in retention sum payables	(201)	(274)	(497)	(365)	(125)
Discount implicit in retention sum receivables	(1,266)	(2,254)	(1,341)	(194)	(471)
Dividends paid on preference shares classified as financial liabilities*	—	(11,424)	—	—	—
Exchange gain/(loss) (net)	293	(547)	433	152	(62)
Finance expenses	(1,865)	(16,184)	(3,593)	(1,289)	(2,305)
Net finance (expenses)/income recognised in profit or loss	(1,295)	(2,909)	971	2,516	245

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

22. Finance income and expenses (continued)

	<— Years ended 31 December —>			Six-month periods ended <—— 30 June ——>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
				(unaudited)	
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	265	208	1,534	1,141	380
— Total interest expenses on financial liabilities	(691)	(1,685)	(2,188)	(882)	(1,647)

* On 26 February 2007, a subsidiary subscribed for 180 redeemable preference shares of US$1 million each ("Preference Shares") issued by an asset management company. On the same date, the subsidiary issued 100 non-cumulative Class A redeemable preference shares of US$1,000 each and 100 notes of US$1,799,000 each (collectively known as "Stapled Securities") to a financial institution. The Stapled Securities were redeemed on 27 December 2007 by the subsidiary by way of transferring the Preference Shares to the financial institution.

The subscription of Preference Shares to the asset management company and the issuance of Stapled Securities were non-cash items as the proceeds from the issuance of Stapled Securities were paid directly by the financial institution to the asset management company.

23. Income tax expense

	<— Years ended 31 December —>			Six-month periods ended <—— 30 June ——>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
				(unaudited)	
Current tax					
Current year/period	5,439	4,692	925	1,069	3,806
Land appreciation tax	2,147	1,263	2,804	2,625	3,077
Adjustment for prior periods	70	3	2,936	521	(2,086)
	7,656	5,958	6,665	4,215	4,797

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

23. Income tax expense (continued)

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
				(unaudited)	
Deferred tax					
Origination and reversal of temporary differences	331	2,176	(382)	(225)	1,622
Effect of reduction in tax rates	—	(175)	83	65	(188)
Recognition of previously unrecognised deferred tax assets	(33)	(27)	—	—	(269)
Adjustment for prior periods	132	—	(3,450)	(1,017)	2,491
	430	1,974	(3,749)	(1,177)	3,656
Total income tax expense	8,086	7,932	2,916	3,038	8,453

Income tax recognised in other comprehensive income

	Before tax	Tax (expense)/ benefit	Net of tax
Year ended 31 December 2006			
Translation differences relating to financial statements of foreign subsidiaries	(1,219)	—	(1,219)
Exchange differences on monetary items forming part of net investment in a foreign operation	(131)	26	(105)
Net change in the fair value of available-for-sale investments	155	(31)	124
	(1,195)	(5)	(1,200)
Year ended 31 December 2007			
Translation differences relating to financial statements of foreign subsidiaries	(26)	—	(26)
Exchange differences on monetary items forming part of net investment in a foreign operation	230	(42)	188
Net change in the fair value of available-for-sale investments	(15)	3	(12)
	189	(39)	150

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

23. Income tax expense (continued)

	Before tax	Tax (expense)/ benefit	Net of tax
Year ended 31 December 2008			
Translation differences relating to financial statements of foreign subsidiaries	3,624	—	3,624
Exchange differences on monetary items forming part of net investment in a foreign operation	(38)	7	(31)
Net change in the fair value of available-for-sale investments	(137)	25	(112)
	3,449	32	3,481
Period ended 30 June 2008 (unaudited)			
Translation differences relating to financial statements of foreign subsidiaries	534	—	534
Exchange differences on monetary items forming part of net investment in a foreign operation	62	(11)	51
Net change in the fair value of available-for-sale investments	(89)	16	(73)
	507	5	512
Period ended 30 June 2009			
Translation differences relating to financial statements of foreign subsidiaries	171	—	171
Exchange differences on monetary items forming part of net investment in a foreign operation	8	(1)	7
Net change in the fair value of available-for-sale investments	27	(5)	22
	206	(6)	200

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

23. Income tax expense (continued)

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	**2007**	**2008**	**2008**	**2009**
Reconciliation of effective tax rate	**$'000**	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
Profit before income tax	21,245	21,197	10,698	6,905	36,656
Less: Share of profit of associates and joint ventures, net of tax	(594)	(1,529)	(6,980)	(800)	(7,344)
Profit before income tax excluding share of results of associates and joint ventures	20,651	19,668	3,718	6,105	29,312
Income tax expenses using domestic rates applicable to different jurisdictions	4,984	5,916	1,101	1,465	6,805
Effect of reduction in tax rates	—	(175)	83	65	(188)
Expenses not deductible for tax purposes	570	2,625	994	330	325
Income not subject to tax	(290)	(2,226)	(395)	(144)	(318)
Deferred tax benefits not recognised	1,151	1,004	846	832	188
Tax incentives	(114)	—	(1,300)	(1,000)	(806)
Effect of land appreciation tax	1,438	846	2,103	1,969	2,308
Under/(Over)provision in prior years:					
— current tax	70	3	2,936	521	(2,086)
— deferred tax	132	—	(3,450)	(1,017)	2,491
Recognition of previously unrecognised deferred tax assets	(33)	(27)	—	—	(269)
Others	178	(34)	(2)	17	3
	8,086	7,932	2,916	3,038	8,453

The weighted average applicable tax rate excluding effects of land appreciation tax and under/(over) provision in prior years is 31.2%, 36.0%, 35.7% and 19.6% for the financial years ended 31 December 2006, 2007 and 2008 and six-month period ended 30 June 2009 respectively.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

23. Income tax expense (continued)

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 2006, 2008 and 2009, investment allowance amounted to $114,000, $1,300,000 and $806,000 respectively was granted to a subsidiary in respect of capital expenditure on approved construction equipment, under Section 67 of the Economic Expansion Incentives (Relief from Income tax) Act.

24. Earnings per share

	Years ended 31 December			Six-month periods ended 30 June	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000 (unaudited)	$'000
Basic earnings per share is based on:					
Net profit attributable to ordinary shareholders	9,701	10,282	9,272	4,464	19,412

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

24. Earnings per share (continued)

	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
Weighted average number of shares during the year/period (after sub-division of each ordinary share into 550 ordinary shares)	564,996	564,996	564,996	564,996	564,996

For purposes of preparing the combined financial statements, the number of shares as at 31 December 2006, 2007 and 2008 and 30 June 2009 comprises the shares of the Company and its direct subsidiaries.

In calculating earnings per share, the number of shares in issue is after the sub-division of each ordinary share into 550 ordinary shares on 31 March 2010, which have been applied retrospectively in presenting earnings per share information for all periods presented.

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2006, 2007 and 2008 and six-month period ended 30 June 2009.

25. Significant acquisitions of subsidiaries and minority interest and disposals of subsidiaries

(a) Acquisition of subsidiaries

The list of significant subsidiaries acquired from 1 January 2006 to 30 June 2009 is as follows:

	Date acquired	Effective interest acquired %
Year ended 31 December 2006		
Tianjin Tianmen Jinwan	16 March 2006	23
Yangzhou Huili	8 December 2006	44
Year ended 31 December 2008		
Cangzhou Huashi	29 January 2008	19

In 2006, the consideration for Tianjin Tianmen Jinwan and Yangzhou Huili acquired amounted to $4,957,000. From the dates of acquisition to 31 December 2006, the above-mentioned acquisitions incurred net losses of $107,000 to the Group's results for the financial year ended 31 December 2006. If the acquisition had occurred on 1 January 2006, there would be no significant effect to the Group's revenue and net profit for the year ended 31 December 2006.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

25. Significant acquisitions of subsidiaries and minority interest and disposals of subsidiaries (continued)

In 2008, the consideration for Cangzhou Huashi acquired amounted to $13,123,000. From the date of acquisition to 31 December 2008, the above-mentioned acquisition incurred net loss of $473,000 to the Group's results for the financial year ended 31 December 2008. If the acquisition had occurred on 1 January 2008, there would be no significant effect to the Group's revenue and net profit for the year ended 31 December 2008.

The effects of the acquisitions of the subsidiaries are set out below:

	Recognised values	
	<— 31 December —>	
	2006	2008
	$'000	$'000
Property, plant and equipment	4	23
Trade and other receivables	6,113	63
Development properties	10,776	27,991
Cash and cash equivalents	1,994	446
Trade and other payables	(12,872)	(11,440)
Minority interest	(1,058)	(3,960)
Net identifiable assets	4,957	13,123
Cash consideration paid, satisfied in cash	4,957	—
Cash consideration paid or payable	—	13,123
Offset against prepayment made in 2007	—	(7,666)
Consideration payable at 31 December 2008	—	(3,991)
Cash acquired	(1,994)	(446)
Net cash outflow	2,963	1,020

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

25. Significant acquisitions of subsidiaries and minority interest and disposals of subsidiaries (continued)

(b) Acquisition of additional interest in subsidiaries

In 2006, Chang De Investment acquired an additional 10% interest in its immediate subsidiary, Tianjin Zizhulin for a consideration of $826,000, thereby increasing its ownership from 65% to 75%. The carrying amount of the net assets in the financial statement at the date of acquisition was $7,996,000. No goodwill arose from the acquisition as the cost of acquisition was based on the fair value of Chang De Investment's share of the identifiable assets, liabilities and contingent liabilities acquired. In 2007, the purchase consideration was satisfied by way of offsetting against an amount receivable from the acquiree.

In 2007, Chang De Investment acquired an additional 5% interest in Tianjin Zizhulin for a consideration of $410,000. The purchase consideration was satisfied by way of offsetting against an amount receivable from the acquiree. The carrying amount of the net assets in the financial statement at the date of acquisition was $7,794,000. No goodwill arose from the acquisition as the cost of acquisition was based on the fair value of the Chang De Investment's share of the identifiable assets, liabilities and contingent liabilities acquired.

In 2007, Suzhou Huisheng acquired an additional interest of 9.6% shareholding in Tianjin Tianmen Jinwan for a cash consideration of $1,826,000. The carrying amount of the net assets in the financial statements at the date of acquisition was $19,021,000. No goodwill arose from the acquisition as the cost of acquisition was based on the fair value of Suzhou Huisheng's share of the identifiable assets, liabilities and contingent liabilities acquired.

(c) Disposals of subsidiaries

During the financial years ended 31 December 2007 and 2008, the Group disposed of the following significant subsidiaries for a total consideration of $18,454,000 and $2,684,000 respectively.

	Date of disposal	**Effective interest disposed %**
Year ended 31 December 2007		
Dafeng	30 July 2007	76
Yangzhou Huili	31 July 2007	90
Year ended 31 December 2008		
TSC (India)	30 September 2008	100
Suzhou Shengyang	31 December 2008	55

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

25. Significant acquisitions of subsidiaries and minority interest and disposals of subsidiaries (continued)

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

	Note	2007 $'000	2008 $'000
Property, plant and equipment		1,366	9
Investment in associates		935	—
Development properties		11,544	—
Trade and other receivables		402	5,331
Goodwill		326	—
Cash and cash equivalents		34	474
Trade and other payables		(8,441)	(1,226)
Minority interest		(594)	(2,259)
Net identifiable assets		5,572	2,329
Less:			
Equity interest retained as other investment		(397)	—
Net identifiable assets disposed		5,175	2,329
Gain on disposal	21(a)	13,279	355
Sale consideration		18,454	2,684
Receivable in relation to disposal of a subsidiary	7	(2,380)	—
Offset against other receivable		—	(2,684)
Net cash and cash equivalents disposed		(34)	(474)
Net cash inflow/(outflow)		16,040	(474)

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

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

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

25. Significant acquisitions of subsidiaries and minority interest and disposals of subsidiaries (continued)

(d) Disposal of interest in a subsidiary

In April 2008, Suzhou Huisheng disposed of an interest of 21.9% shareholding in Jiangsu Huihan to Jiangsu Huiyang for a consideration of $2,856,000. The carrying amount of the net assets of Jiangsu Huihan in the financial statements at the date of disposal was $12,994,000. No gain or loss on disposal arose from the disposal of Jiangsu Huihan as the proceeds of the disposal was based on the fair value of Jiangsu Huihan's identifiable assets, liabilities and contingent liabilities disposed. If the disposal had occurred on 1 January 2008, there would be no significant effect to the Group's revenue and net profit for the year ended 31 December 2008.

26. Operating segments

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

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

Other operations include general corporate activities.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

The segment information provided to the CEO for the reportable segments for the years ended 31 December 2006, 2007 and 2008 and the six-month periods ended 30 June 2008 (unaudited) and 2009 is as follows:

31 December 2006

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000
External revenues	98,744	32,550	1,538	132,832	—	—	132,832
Interest income	51	214	—	265	203	(203)	265
Interest expenses	(250)	(441)	—	(691)	—	—	(691)
Depreciation and amortisation	3,541	87	108	3,736	—	—	3,736
Reportable segment profit before income tax	5,161	14,079	852	20,092	762	(203)	20,651
Share of profit /(loss) of associates and joint ventures, net of tax	612	—	—	612	(18)	—	594
Profit before income tax							21,245
Income tax expense							(8,086)
Profit for the year							13,159
Reportable segment assets	78,780	96,825	3,317	178,922	8,413	(12,471)	174,864
Investment in associates and joint ventures	2,012	—	—	2,012	1,652	—	3,664
Total assets							178,528
Reportable segment liabilities	60,917	59,661	—	120,578	9,455	(12,193)	117,840
Capital expenditure	8,213	195	1,123	9,531	—	—	9,531

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

31 December 2007

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	205,794	13,098	1,836	220,728	—	—	220,728
Interest income	97	111	—	208	235	(235)	208
Interest expenses	(1,025)	(660)	—	(1,685)	—	—	(1,685)
Depreciation and amortisation	3,803	90	642	4,535	—	—	4,535
Reportable segment profit before income tax	4,833	11,790	1,330	17,953	1,950	(235)	19,668
Share of profit/(loss) of associates and joint ventures, net of tax	1,538	—	—	1,538	(9)	—	1,529
Profit before income tax							21,197
Income tax expense							(7,932)
Profit for the year							13,265
Other material non-cash items:							
— Reversal of allowance for impairment losses in property, plant and equipment	(1,510)	—	—	(1,510)	—	—	(1,510)
Reportable segment assets	130,262	137,453	21,050	288,765	8,502	(12,073)	285,194
Investment in associates and joint ventures	3,265	—	—	3,265	—	—	3,265
Total assets							288,459
Reportable segment liabilities	107,443	111,823	—	219,266	7,847	(11,560)	215,553
Capital expenditure	11,028	143	3,124	14,295	—	—	14,295

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

31 December 2008

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

30 June 2008 (unaudited)

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000
External revenues	134,231	7,352	1,514	143,097	—	—	143,097
Interest income	671	544	—	1,215	114	(188)	1,141
Interest expenses	(571)	(310)	—	(881)	(84)	83	(882)
Depreciation	5,469	47	382	5,898	—	—	5,898
Reportable segment profit before income tax	3,240	1,757	993	5,990	220	(105)	6,105
Share of profit of associates and joint ventures, net of tax	800	—	—	800	—	—	800
Profit before income tax							6,905
Income tax expense							(3,038)
Profit for the period							3,867

30 June 2009

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others $'000	Elimination $'000	Total $'000
External revenues	140,749	76,254	617	217,620	—	—	217,620
Interest income	558	377	—	935	117	(672)	380
Interest expenses	(964)	(682)	—	(1,646)	(559)	558	(1,647)
Depreciation	9,472	84	422	9,978	—	—	9,978
Reportable segment profit before income tax	9,357	20,604	314	30,275	(849)	(114)	29,312
Share of profit of associates and joint ventures, net of tax	7,344	—	—	7,344	—	—	7,344
Profit before income tax							36,656
Income tax expense							(8,453)
Profit for the period							28,203

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

30 June 2009

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reportable segment assets	173,059	164,384	23,824	361,267	13,742	(54,606)	320,403
Investment in associates and joint ventures	17,281	—	—	17,281	—	—	17,281
Total assets							337,684
Reportable segment liabilities	138,177	82,728	—	220,905	48,389	(53,764)	215,530
Capital expenditure	2,270	97	—	2,367	14	—	2,381

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.

Revenue from external customers

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000 (unaudited)	$'000
Singapore	93,427	199,041	252,651	129,658	136,645
PRC	32,550	13,149	9,347	8,054	76,467
PNG	6,216	7,773	10,056	5,158	4,491
Other countries	639	765	260	227	17
	132,832	220,728	272,314	143,097	217,620

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

26. Operating segments (continued)

Non-current assets

	31 December			30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Singapore	22,474	36,494	56,414	42,732
PRC	2,552	19,042	22,335	22,046
PNG	2,785	3,430	2,907	2,795
Other countries	592	672	395	387
Investment in associates and joint ventures	3,664	3,265	10,203	17,281
Other unallocated amounts	492	551	957	1,037
	32,559	63,454	93,211	86,278

Major customers

During the financial years ended 31 December 2006, 2007 and 2008 and the six-month periods ended 30 June 2008 (unaudited) and 2009, revenue from certain customers (named alphabetically A to F) of the Group's construction segment represent approximately $74,236,000, $161,932,000, $222,945,000, $109,605,000 and $122,278,000 respectively. The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year/period are as follows:

	Years ended 31 December						Six-month periods ended 30 June			
	2006		2007		2008		2008		2009	
	$'000		$'000		$'000		$'000 (unaudited)		$'000	
Customer A	26,326	20%	64,057	29%	93,552	34%	39,343	27%	29,506	14%
Customer B	4,888	4%	53,847	24%	41,576	15%	29,913	21%	17,713	8%
Customer C	—	—	14,888	7%	37,017	14%	15,691	11%	25,060	12%
Customer D	23,765	18%	29,140	13%	24,024	9%	9,025	6%	33,328	15%
Customer E	19,347	15%	—	—	—	—	—	—	—	—
Customer F	—	—	—	—	26,776	10%	15,633	11%	16,671	8%
Total	74,326	57%	161,932	73%	222,945	82%	109,605	76%	122,278	57%

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

27. Commitments

(a) Commitments

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

	← 31 December		→	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Uncalled share capital in unquoted equity investment	1,500	1,500	1,500	1,500
Acquisition of land use rights	10,234	—	—	84,670
Acquisition of a subsidiary	—	5,457	—	—
Expenditure for investment properties contracted for but not provided for	1,504	219	—	—
Developmental costs contracted but not provided for	—	30,451	617	875
	13,238	37,627	2,117	87,045

(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 and parking lots are payable as follows:

	← 31 December		→	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Within 1 year	168	108	315	217
After 1 year but within 5 years	332	252	780	448
After 5 years	425	309	251	219
	925	669	1,346	884

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

28. Financial guarantees

	<— 31 December		—>	30 June
	2006	**2007**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantee contracts				
Financial guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (unsecured)	5,202	20,697	16,990	3,580
Financial guarantee given to an external party for loan granted to a minority shareholder (secured)	—	—	2,522	2,543
	5,202	20,697	19,512	6,123

Financial guarantee contracts

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

At 31 December 2008 and 30 June 2009, the financial guarantee given to an external party for a loan granted to a minority shareholder is secured on certain development properties of the Group amounting to $1,637,000 and $1,891,000 respectively.

29. Related parties

For the purposes of these combined 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.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

29. Related parties (continued)

(a) Key management personnel compensation

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

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

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
Short-term employee benefits	2,023	2,598	2,918	1,323	1,425
Post-employment benefits	86	105	120	54	50
Others	25	89	13	13	19
	2,134	2,792	3,051	1,390	1,494
Directors' fees included in other expenses	60	108	120	60	60

(b) Significant transactions with related parties

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

	<— Years ended 31 December —>			Six-month periods ended <— 30 June —>	
	2006	**2007**	**2008**	**2008**	**2009**
	$'000	**$'000**	**$'000**	**$'000 (unaudited)**	**$'000**
A corporate shareholder					
Maintenance income	36	—	—	—	—
Rental income from leasing of equipment	30	—	—	—	—
Sales of motor vehicles	145	—	—	—	—
Service income	18	—	—	—	—

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

29. Related parties (continued)

	Years ended 31 December			Six-month periods ended 30 June	
	2006	2007	2008	2008	2009
	$'000	$'000	$'000	$'000 (unaudited)	$'000
Hiring charges	(1,984)	—	—	—	—
Purchase of motor vehicles	—	(76)	—	—	—
Rental fee paid and payable for office	(72)	(41)	—	—	—
Rental fee paid and payable for parking lots	(36)	(21)	(44)	—	(39)
Interest paid and payable	—	—	(258)	(55)	(223)
Joint ventures					
Management fees received and receivable	23	—	—	—	—
Revenue from construction contracts	—	13,491	19,988	7,384	19,942
Purchase of raw materials	—	—	(842)	—	(374)
Affiliated corporations					
Maintenance income	—	36	—	—	—
Rental income from leasing of equipment	—	25	5	—	1
Rental of office received and receivable	20	20	16	8	—
Sales of motor vehicles	—	28	—	—	—
Service income	—	18	18	9	9
Hiring charges	—	(2,361)	(3,161)	(989)	(1,589)
Subcontractor fees	(6)	—	—	—	—
Purchase of materials	(548)	(951)	(2,550)	(1,872)	(218)
Interest paid and payable	(664)	(1,122)	(348)	—	(477)
Minority shareholder					
Interest income on loan	—	—	265	138	364

At 31 December 2006, 2007 and 2008 and 30 June 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, construction of the related developmental properties for the Group's developmental project in the PRC.

30. Financial risk management

(a) Introduction and overview

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

— credit risks

— liquidity risks

— market risk

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

Risk management framework

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

(b) Credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate will have an impact on credit risk. In the financial years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009, approximately 95%, 96%, 96% and 98% of the Group's revenue is attributable to transactions in Singapore and the PRC respectively 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.

30. Financial risk management (continued)

Credit risk concentration profile

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

	<— 31 December					—>	<— 30 June —>	
	2006		2007		2008		2009	
	$'000		$'000		$'000		$'000	
By country:								
Singapore	10,938	90.9%	19,822	98.8%	24,322	90.7%	12,157	88.0%
PRC	191	1.6%	151	0.8%	520	2.0%	596	4.3%
PNG	38	0.3%	38	0.2%	1,962	7.3%	1,064	7.7%
Other countries	865	7.2%	41	0.2%	—	—	—	—
Total	12,032	100%	20,052	100%	26,804	100%	13,817	100%
By industry sectors:								
Construction	11,841	98.4%	19,901	99.2%	26,283	98.1%	13,221	95.7%
Property development	185	1.5%	143	0.7%	521	1.9%	596	4.3%
Others	6	0.1%	8	0.1%	—	—	—	—
Total	12,032	100%	20,052	100%	26,804	100%	13,817	100%

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

Management of credit risk

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

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

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

The Group has arranged bank financing for certain purchasers of properties and provided guarantees to secure repayment obligations of such purchasers. Details of these guarantees are set out in note 28.

Impairment losses

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

	31 December						30 June	
	2006	2006	2007	2007	2008	2008	2009	2009
	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Not past due	10,433	—	19,195	—	22,664	—	11,918	—
Past due 0-30 days	257	—	251	—	3,344	—	1,048	—
Past due 31-60 days	13	—	—	—	95	—	150	—
More than 60 days	1,352	23	991	385	935	234	935	234
	12,055	23	20,437	385	27,038	234	14,051	234

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

	31 December						30 June	
	2006	2006	2007	2007	2008	2008	2009	2009
	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Not past due	—	—	893	—	822	—	1,935	—
Past due 0-30 days	44	—	—	—	37	—	90	—
Past due 31-60 days	—	—	—	—	23	—	381	—
More than 60 days	—	—	—	—	14	—	1,782	—
	44	—	893	—	896	—	4,188	—

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

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

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

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

Allowance for impairment losses

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

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

	31 December			30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
At 1 January	23	23	385	234
Provision during the year/period	—	362	110	—
Provision utilised	—	—	(261)	—
At 31 December/30 June	23	385	234	234

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

Write-off policy

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

(c) Liquidity risk

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

Management of liquidity risk

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

At 30 June 2009, the Group maintains the following lines of credit:

- $22,959,000 overdraft facilities that are secured of which $Nil has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $36,660,000 that can be drawn down to meet short-term financing needs. Included are $31,296,000 that have been drawn down.

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

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	**Contractual cash flows**	**Within 1 year**	**Within 1 to 5 years**	**More than 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2006					
Trade and other payables					
Trade payables	29,754	29,754	29,754	—	—
Accrued trade payables	13,913	13,913	13,913	—	—
Accrued operating expenses	2,099	2,099	2,099	—	—
Provision for claims	783	783	783	—	—
Retention sums payable	4,561	5,027	759	4,268	—
Receipts in advance	11,673	11,673	11,673	—	—
Other payables	4,952	4,952	4,952	—	—
Loans and borrowings					
Secured bank loans	10,921	12,139	7,946	4,193	—
Secured bank overdrafts	7,298	7,336	7,336	—	—
Finance lease liabilities	1,348	1,450	558	886	6
Amounts due to related parties	19,850	22,949	22,949	—	—
	107,152	112,075	102,722	9,347	6

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

			Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
At 31 December 2007					
Trade and other payables					
Trade payables	19,113	19,113	19,113	—	—
Accrued trade payables	41,702	41,702	41,702	—	—
Accrued operating expenses	3,628	3,628	3,628	—	—
Provision for claims	1,717	1,717	1,717	—	—
Receipts in advance	34,923	34,923	34,923	—	—
Retention sums payable	6,291	6,905	2,425	4,480	—
Other payables	8,189	8,189	8,189	—	—
Loans and borrowings					
Secured bank loans	49,670	54,899	11,281	43,618	—
Secured bank overdrafts	21,013	21,445	21,445	—	—
Secured loan from a supplier	991	1,031	1,031	—	—
Finance lease liabilities	2,029	2,153	945	1,208	—
Amounts due to related parties	12,037	12,737	12,737	—	—
	201,303	208,442	159,136	49,306	—

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

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

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
At 30 June 2009					
Trade and other payables					
Trade payables	19,430	19,430	19,430	—	—
Accrued trade payables	48,577	48,577	48,577	—	—
Accrued operating expenses	2,359	2,359	2,359	—	—
Provision for claims	791	791	791	—	—
Receipts in advance	11,487	11,487	11,487	—	—
Retention sums payable	15,915	16,987	6,581	10,406	—
Other payables	6,583	6,583	6,583	—	—
Loans and borrowings					
Secured bank loans	52,358	54,056	43,360	10,696	—
Secured loan from business associates	1,117	1,117	1,117	—	—
Unsecured loan from a business associate	638	638	638	—	—
Finance lease liabilities	1,055	1,105	855	236	14
Amounts due to related parties	31,265	32,289	21,058	11,231	—
	191,575	195,419	162,836	32,569	14

(d) Market risks

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

30. Financial risk management (continued)

Exposure to interest rate risk

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

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

	<— 31 December		—>	30 June
	2006	2007	2008	2009
	$'000	$'000	$'000	$'000
Variable rate instruments				
Interest bearing loans and borrowings	9,717	63,397	67,775	39,974

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) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006, 2007, 2008 and 2009.

	Profit or loss		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
31 December 2006				
Variable rate instruments	(97)	97	—	—
31 December 2007				
Variable rate instruments	(634)	634	—	—
31 December 2008				
Variable rate instruments	(678)	678	—	—
30 June 2009				
Variable rate instruments	(400)	400	—	—

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

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

Currency risk

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

Exposure to currency risk

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

Group	USD $'000	RMB $'000	SGD $'000	HKD $'000	INR $'000	Others $'000	Total $'000
At 31 December 2006							
Trade and other receivables	387	6,239	39,527	—	1,320	2,013	49,486
Intercompany receivables	12,663	19,678	9,795	963	2,005	906	46,010
Amounts due from related parties	—	5,551	88	—	—	—	5,639
Cash and cash equivalents	2,184	7,842	3,715	35	15	2,312	16,103
Trade and other payables	(5)	(29,741)	(36,861)	(3)	(571)	(554)	(67,735)
Amounts due to related parties	(3,255)	(16,213)	(382)	—	—	—	(19,850)
Intercompany payables	(12,663)	(19,678)	(9,795)	(963)	(2,005)	(906)	(46,010)
Net financial (liabilities)/ assets	(689)	(26,322)	6,087	32	764	3,771	(16,357)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	—	29,868	(11,866)	(995)	1,241	(3,577)	14,671
Net currency exposure	(689)	3,546	(5,779)	(963)	2,005	194	(1,686)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

Group	USD $'000	RMB $'000	SGD $'000	HKD $'000	INR $'000	Others $'000	Total $'000
At 31 December 2007							
Trade and other receivables	73	45,672	67,215	—	519	792	114,271
Intercompany receivables	11,867	12,634	8,846	878	3,166	—	37,391
Cash and cash equivalents	1,277	19,730	3,091	29	—	3,130	27,257
Trade and other payables	—	(48,209)	(65,916)	(4)	(704)	(730)	(115,563)
Amounts due to related parties	(3,081)	(8,746)	(210)	—	—	—	(12,037)
Intercompany payables	(11,867)	(12,634)	(8,846)	(878)	(3,166)	—	(37,391)
Net financial (liabilities)/ assets	(1,731)	8,447	4,180	25	(185)	3,192	13,928
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	—	(6,173)	(12,353)	(913)	3,351	(2,981)	(19,069)
Net currency exposure	(1,731)	2,274	(8,173)	(888)	3,166	211	(5,141)
At 31 December 2008							
Intercompany receivables	11,618	64,505	29,341	—	—	—	105,464
Cash and cash equivalents	164	6,490	890	17	—	3,371	10,932
Trade and other payables	—	(77,678)	(72,749)	(10)	—	(333)	(150,770)
Amounts due to related parties	(3,072)	(16,352)	(12,672)	—	—	—	(32,096)
Intercompany payables	(11,618)	(64,505)	(29,341)	—	—	—	(105,464)
Net financial (liabilities)/ assets	(2,908)	(87,540)	(84,531)	7	—	3,038	(171,934)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	—	89,772	77,996	(17)	—	(3,038)	164,713
Net currency exposure	(2,908)	2,232	(6,535)	(10)	—	—	(7,221)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

Group	USD $'000	RMB $'000	SGD $'000	HKD $'000	INR $'000	Others $'000	Total $'000
At 30 June 2009							
Intercompany receivables	27,983	62,274	29,487	—	—	—	119,744
Cash and cash equivalents	1,595	9,025	9,078	15	—	2,137	21,850
Trade and other payables	—	(25,523)	(78,569)	(11)	—	(1,039)	(105,142)
Amounts due to related parties	(3,097)	(17,942)	(10,226)	—	—	—	(31,265)
Intercompany payables	(27,983)	(62,274)	(29,487)	—	—	—	(119,744)
Net financial (liabilities)/ assets	(1,502)	(34,440)	(79,717)	4	—	1,098	(114,557)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	—	36,023	73,929	1	—	(1,076)	108,877
Net currency exposure	(1,502)	1,583	(5,788)	5	—	22	(5,680)

Sensitivity analysis

A 10 percent strengthening of the Singapore dollars against the following currencies at the respective reporting dates would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2006, 2007, 2008 and 2009.

	Equity $'000	Profit or loss (Pre-tax) $'000
31 December 2006		
USD	—	69
RMB	—	(355)
HKD	—	96
INR	—	(201)
31 December 2007		
USD	—	173
RMB	—	(227)
HKD	—	89
INR	—	(317)

30. Financial risk management (continued)

	Equity $'000	Profit or loss (Pre-tax) $'000
31 December 2008		
USD	—	291
RMB	—	(223)
HKD	—	1
INR	—	—
30 June 2009		
USD	—	150
RMB	—	(158)
HKD	—	(1)
INR	—	—

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

(g) Determination of fair values

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

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

Investment in equity and debt securities

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

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.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

Other financial assets and liabilities

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

Interest rates used in determining fair values

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

	<— 31 December		—>	30 June
	2006	**2007**	**2008**	**2009**
	%	**%**	**%**	**%**
Loans and borrowings	5.38-6.30	5.33-7.47	5.38-5.40	5.38-5.40
Retention monies on construction contracts	6.24	5.45	5.75	5.75-7.84
Retention sums payable	6.24	5.45	5.75	5.75-7.84

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

	Carrying amount $'000	Fair Value $'000
31 December 2006		
Financial assets		
Retention monies on construction contracts	8,802	8,748
Financial liabilities		
Retention sums payable	(4,561)	(4,543)
Secured bank loans	(10,921)	(11,075)
Financial lease liabilities	(1,348)	(1,359)
	(16,830)	(16,977)
Total	(8,028)	(8,229)
Unrecognised gain		201

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

	Carrying amount $'000	Fair Value $'000
31 December 2007		
Financial assets		
Retention monies on construction contracts	19,162	19,279
Retention monies due from a joint venture	680	687
	19,842	19,966
Financial liabilities		
Retention sums payable	(6,291)	(6,369)
Secured bank loans	(49,670)	(49,658)
Financial lease liabilities	(2,029)	(1,955)
	(57,990)	(57,982)
Total	(38,148)	(38,016)
Unrecognised loss		(132)
31 December 2008		
Financial assets		
Retention monies on construction contracts	28,411	28,669
Retention monies due from a joint venture	716	723
	29,127	29,392
Financial liabilities		
Loans from an affiliated corporation (non-current)	(5,675)	(6,191)
Retention sums payable	(13,173)	(13,255)
Secured bank loans	(57,709)	(57,738)
Financial lease liabilities	(1,375)	(1,336)
	(77,932)	(78,520)
Total	(48,805)	(49,128)
Unrecognised gain		323
30 June 2009		
Financial assets		
Retention monies on construction contracts	33,873	34,060
Retention monies due from joint ventures	563	569
	34,436	34,629

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

	Carrying amount $'000	Fair Value $'000
Financial liabilities		
Loans from an affiliated corporation (non-current)	(5,723)	(6,083)
Retention sums payable	(15,915)	(16,400)
Secured bank loans	(52,358)	(52,620)
Financial lease liabilities	(1,055)	(1,033)
	(75,051)	(76,136)
Total	(40,615)	(41,507)
Unrecognised gain		892

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

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000
31 December 2006					
Assets					
Trade and other receivables*	7	31,230	—	—	—
Amounts due from related parties	8	5,639	—	—	—
Other investments:					
— Club membership	9	—	—	285	—
— Quoted equity instruments	9	—	405	—	—
— Unquoted equity instruments	9	—	604	—	—
Cash and cash equivalents	14	16,103	—	—	—
Liabilities					
Amounts due to related parties	8	—	—	—	(19,850)
Trade and other payables[#]	18	—	—	—	(51,723)
Loans and borrowings	19	—	—	—	(19,567)
		52,972	1,009	285	(91,140)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000
31 December 2007					
Assets					
Trade and other receivables*	7	67,300	—	—	—
Amounts due from related parties	8	12,070	—	—	—
Other investments:					
— Club membership	9	—	—	285	—
— Quoted equity instruments	9	—	191	—	—
— Unquoted equity instruments	9	—	1,599	—	—
Cash and cash equivalents	14	27,257	—	—	—
Liabilities					
Amounts due to related parties	8	—	—	—	(12,037)
Trade and other payables#	18	—	—	—	(70,233)
Loans and borrowings	19	—	—	—	(73,703)
		106,627	1,790	285	(155,973)
31 December 2008					
Assets					
Trade and other receivables*	7	83,007	—	—	—
Amounts due from related parties	8	22,356	—	—	—
Other investments:					
— Club membership	9	—	—	285	—
— Quoted equity instruments	9	—	20	—	—
— Unquoted equity instruments	9	—	2,887	—	—
Cash and cash equivalents	14	10,932	—	—	—
Liabilities					
Amounts due to related parties	8	—	—	—	(32,096)
Trade and other payables#	18	—	—	—	(102,820)
Loans and borrowings	19	—	—	—	(75,133)
		116,295	2,907	285	(210,049)

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

30. Financial risk management (continued)

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000
30 June 2009					
Assets					
Trade and other receivables*	7	74,419	—	—	—
Amounts due from related parties	8	27,790	—	—	—
Other investments:					
— Club membership	9	—	—	285	—
— Quoted equity instruments	9	—	42	—	—
— Unquoted equity instruments	9	—	3,110	—	—
Cash and cash equivalents	14	21,850	—	—	—
Liabilities					
Amounts due to related parties	8	—	—	—	(31,265)
Trade and other payables#	18	—	—	—	(54,206)
Loans and borrowings	19	—	—	—	(55,168)
		124,059	3,152	285	(140,639)

* Excluded accrued receivables, prepayments for acquisition of a subsidiary, tax prepayments and prepayment for resettlement costs

Excluded accrued trade payables and accrued operating expenses

31. Subsequent events

Subsequent to 30 June 2009, the following events took place:

(a) On 21 September 2009, the paid-in capital of Tianjin Zizhulin was increased from US$15.9 million (approximately $23.1 million) to US$19.4 million (approximately $29.0 million).

(b) On 22 September 2009, a subsidiary, Jiangsu Huihan has applied to the Hanjiang Industry & Commerce Administration Bureau, Yangzhou City, PRC for voluntary liquidation.

(c) On 25 September 2009, the paid-in capital of Tianjin Zizhulin Nanxi was increased from RMB114.9 million (approximately $24.4 million) to RMB136.9 million (approximately $29.1 million).

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

31. Subsequent events (continued)

(d) Pursuant to a loan agreement dated 23 September 2009 and the shareholding entrusted agreements (the "Agreements"), Tianjin Zizhulin and Suzhou Huisheng transferred their collective interest, amounting to 60.6% of the entire equity interest in Tianjin Tianmen Jinwan, to Northern International Trust & Investment Co., Ltd. ("Northern International Trust") as a form of security for the loan amounting to RMB72 million (approximately $15.0 million) from Northern International Trust to Tianjin Zizhulin Investment. The terms and conditions of the Agreements provide that Northern International Trust will re-transfer the shares back to Tianjin Zizhulin and Suzhou Huisheng at no consideration upon the repayment of loan and the relevant interest payable by Tianjin Zizhulin Investment to Northern International Trust on or before 23 March 2011. Notwithstanding this, Tianjin Tianmen Jinwan remains a subsidiary of the Group.

(e) On 12 November 2009, Tiong Seng Properties has entered into an equity joint venture agreement (the "Agreement") with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. whereby Tiong Seng Properties holds a 49% interest. The Agreement entered into is in relation to the establishment of a new real estate development company, Tianjin Eco-City Sheng Jing Investment and Development Co., Ltd. ("Tianjin Sheng Jing") in PRC to jointly develop a piece of residential-land in Sino-Singapore Tianjin Eco-City, PRC ("Project Eco-City").

On 29 January 2010, Tianjin Sheng Jing was incorporated in the PRC with a registered capital of RMB 160 million (approximately $33.2 million).

On 28 December 2009, Tianjin Zizhulin Investment incorporated a 100% owned subsidiary — Chang Sheng (Tianjin) Construction Management and Consultancy Co., Ltd. ("Chang Sheng") with a paid-in capital of RMB 1 million (approximately $208,000). Chang Sheng was set up as a construction management company to predominantly manage the construction of Project Eco-City.

(f) On 13 November 2009, the paid-in capital of Tianjin Zizhulin was increased from US$19.4 million (approximately $29.0 million) to US$23.0 million (approximately $34.4 million).

(g) On 1 December 2009, the paid-in capital of Tianjin Zizhulin Nanxi was increased from RMB136.9 million (approximately $29.1 million) to RMB200 million (approximately $42 million).

(h) On 4 December 2009 and 6 January 2010, the paid-in capital of Tianjin Zizhulin Investment was increased from RMB100 million (approximately $21.3 million) to RMB113 million (approximately $24.0 million) and from RMB113 million (approximately $24.0 million) to RMB164 million (approximately $34.9 million) respectively.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

31. Subsequent events (continued)

(i) On 17 December 2009, Tiong Seng Contractors registered a joint venture with GS Engineering & Construction Corp. whereby Tiong Seng Contractors holds a 30% interest, to undertake a construction contract amounting to approximately $430 million for the proposed construction of stations and tunnels at Hillview and Cashew for Stage 2 of downtown line in Singapore.

(j) At an Extraordinary General Meeting held on 31 March 2010, the shareholders approved, *inter alia*, the following: the sub-division of each ordinary share of the Company into 550 ordinary shares;

(i) the conversion of the Company into a public limited company and the change of name to “Tiong Seng Holdings Limited”;

(ii) the adoption of the new Articles of Association of the Company;

(iii) the issue of the new shares pursuant to the Invitation, such new shares, when fully paid, allotted and issued, will rank pari passu in all respects with existing issued shares; and

(iv) the adoption of the Tiong Seng Share Award Scheme (“Award Scheme”) and that the directors of the Company be authorised to allot and issue new shares upon the release of the awards granted under the Award Scheme.

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ANNEX G — INDEPENDENT REVIEW REPORT ON THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

INDEPENDENT REVIEW REPORT

The Board of Directors
Tiong Seng Holdings Limited
510 Thomson Road
#08-00 SLF Building
Singapore 298135

Introduction

We have reviewed the accompanying unaudited condensed interim combined financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed combined statement of financial position as at 30 September 2009 and the condensed combined statements of comprehensive income, the condensed combined statements of changes in equity and the condensed combined statements of cash flows for the three-month and nine-month periods ended 30 September 2009, and certain explanatory notes set out on pages G-2 to G-41 (the "Interim Financial Statements"). Management is responsible for the preparation and fair presentation of this Interim Financial Statements in accordance with Singapore Financial Reporting Standard (FRS) 34 *Interim Financial Reporting*. Our responsibility is to issue a report on these Interim Financial Statements based on our review.

The unaudited condensed interim combined financial statements of the Group for the three-month and nine-month periods ended, and as at 30 September 2008 have not been audited or reviewed and have been included for comparative purposes only.

Scope of review

We conducted our review in accordance with Singapore Standard of Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements are not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.

This report has been prepared only for inclusion in the Prospectus of the Company in connection with the Initial Public Offering of the shares of the Company on the mainboard of the Singapore Exchange Securities Trading Limited.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
7 April 2010

Tan Huay Lim
Partner

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009

	Note	30 September 2009	31 December 2008
		$'000	$'000
Non-current assets			
Property, plant and equipment	7	26,589	38,591
Investment properties		23,075	24,623
Associates and joint ventures	8	22,660	10,203
Trade and other receivables	9	11,375	15,331
Amounts due from related parties (trade)	10	563	334
Other investments	11	1,441	3,192
Deferred tax assets	12	1,597	937
		87,300	93,211
Current assets			
Construction work-in-progress	13	4,534	11,584
Development properties	14	83,815	121,890
Trade and other receivables	9	100,192	105,889
Amounts due from related parties	10	26,402	22,022
Cash and cash equivalents	15	37,025	10,932
Assets classified as held for sale		—	439
		251,968	272,756
Total assets		339,268	365,967
Equity attributable to equity holders of the Company			
Share capital		20,000	20,000
Reserves		(1,537)	(641)
Accumulated profits		72,957	43,729
		91,420	63,088
Minority interest		39,436	30,663
Total equity		130,856	93,751
Non-current liabilities			
Trade and other payables	16	10,288	7,026
Amounts due to related parties	10	3,572	10,170
Loans and borrowings	17	24,133	3,439
Deferred tax liabilities	12	6,153	1,062
		44,146	21,697
Current liabilities			
Progress billings in excess of construction work-in-progress	13	4,669	2,695
Trade and other payables	16	104,461	143,744
Amounts due to related parties	10	15,127	21,926
Loans and borrowings	17	29,570	71,694
Current tax payable		10,439	10,460
		164,266	250,519
Total liabilities		208,412	272,216
Total equity and liabilities		339,268	365,967

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Note	Three-month period ended 30 September 2009 $'000	Three-month period ended 30 September 2008 $'000 (Unreviewed)	Nine-month period ended 30 September 2009 $'000	Nine-month period ended 30 September 2008 $'000 (Unreviewed)
Revenue					
Revenue from construction contacts		77,192	57,253	217,941	191,484
Revenue from sales of development properties		6,687	117	82,941	7,469
Rental income		174	369	791	1,883
		84,053	57,739	301,673	200,836
Other income	18(a)	476	976	6,214	2,209
Cost of construction		(64,273)	(52,815)	(192,576)	(179,112)
Cost of sales of development properties		(5,413)	(61)	(62,685)	(3,763)
Depreciation		(433)	(393)	(1,241)	(1,222)
Selling expenses		(354)	(261)	(823)	(343)
Staff costs		(2,230)	(1,901)	(6,421)	(5,853)
Other expenses	18(b)	(4,560)	(2,995)	(7,808)	(8,874)
		(77,263)	(58,426)	(271,554)	(199,167)
Profit from operating activities		7,266	289	36,333	3,878
Finance income	19	446	415	2,996	4,220
Finance expenses	19	(1,317)	(1,066)	(3,622)	(2,355)
Net finance (expenses)/income		(871)	(651)	(626)	1,865
Share of loss of associates, net of tax		—	—	—	(1)
Share of profit of joint ventures, net of tax		5,364	97	12,708	898
Profit/(Loss) before income tax		11,759	(265)	48,415	6,640
Income tax	20	(1,408)	60	(9,861)	(2,978)
Profit/(Loss) for the period		10,351	(205)	38,554	3,662
Other comprehensive (expense)/income					
Translation differences relating to financial statements of foreign subsidiaries		(1,653)	2,778	(1,482)	3,312
Exchange differences on monetary items forming part of net investment in a foreign operation		(13)	(93)	(5)	(31)
Net change in the fair value of available-for-sale investments		19	1	46	(88)
Income tax on other comprehensive income		(2)	15	(8)	20
Other comprehensive (expense)/income for the period, net of tax		(1,649)	2,701	(1,449)	3,213
Total comprehensive income for the period		8,702	2,496	37,105	6,875

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Note	Three-month period ended 30 September 2009 $'000	Three-month period ended 30 September 2008 $'000 (Unreviewed)	Nine-month period ended 30 September 2009 $'000	Nine-month period ended 30 September 2008 $'000 (Unreviewed)
Profit/(Loss) attributable to:					
Equity holders of the Company		9,816	523	29,228	4,987
Minority interest		535	(728)	9,326	(1,325)
Profit/(Loss) for the period		10,351	(205)	38,554	3,662
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		9,370	1,158	28,332	6,059
Minority interest		(668)	1,338	8,773	816
Total comprehensive income for the period		8,702	2,496	37,105	6,875
Earnings per share					
— Basic and diluted (cents)	21	1.74	0.09	5.17	0.88

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2009	20,000	(189)	944	22	(1,868)	63,141	82,050	40,104	122,154
Total comprehensive income for the period									
Profit or loss	—	—	—	—	—	9,816	9,816	535	10,351
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	(450)	—	(450)	(1,203)	(1,653)
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(13)	—	(13)	—	(13)
Net change in the fair value of available-for-sale investments	—	—	—	19	—	—	19	—	19
Income tax on other comprehensive income	—	—	—	(3)	1	—	(2)	—	(2)
Total other comprehensive income/(expense)	—	—	—	16	(462)	—	(446)	(1,203)	(1,649)
Total comprehensive income and expenses *for the period*	—	—	—	*16*	*(462)*	*9,816*	*9,370*	*(668)*	*8,702*
At 30 September 2009	20,000	(189)	944	38	(2,330)	72,957	91,420	39,436	130,856

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2009	20,000	(189)	944	—	(1,396)	43,729	63,088	30,663	93,751
Total comprehensive income for the period									
Profit or loss	—	—	—	—	—	29,228	29,228	9,326	38,554
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	(929)	—	(929)	(553)	(1,482)
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(5)	—	(5)	—	(5)
Net change in the fair value of available-for-sale investments	—	—	—	46	—	—	46	—	46
Income tax on other comprehensive income	—	—	—	(8)	—	—	(8)	—	(8)
Total other comprehensive income/(expense)	—	—	—	38	(934)	—	(896)	(553)	(1,449)
Total comprehensive income and expenses for the period	—	—	—	*38*	*(934)*	*29,228*	*28,332*	*8,773*	*37,105*
At 30 September 2009	20,000	(189)	944	38	(2,330)	72,957	91,420	39,436	130,856

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

(Unreviewed)	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interest $'000	Total equity $'000
At 1 July 2008	20,000	(189)	189	39	(2,259)	39,676	57,456	31,661	89,117
Total comprehensive income for the period									
Profit or loss	—	—	—	—	—	523	523	(728)	(205)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	712	—	712	2,066	2,778
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(93)	—	(93)	—	(93)
Net change in the fair value of available-for-sale investments	—	—	—	1	—	—	1	—	1
Income tax on other comprehensive income	—	—	—	(1)	16	—	15	—	15
Total other comprehensive (expense)/income	—	—	—	—	635	—	635	2,066	2,701
Total comprehensive income and expenses for the period	—	—	—	—	*635*	*523*	*1,158*	*1,338*	*2,496*
At 30 September 2008	20,000	(189)	189	39	(1,624)	40,199	58,614	32,999	91,613

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2008

(Unreviewed)	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2008	20,000	(189)	189	112	(2,769)	35,212	52,555	20,351	72,906
Total comprehensive income for the period									
Profit or loss	—	—	—	—	—	4,987	4,987	(1,325)	3,662
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	—	—	—	—	1,171	—	1,171	2,141	3,312
Exchange differences on monetary items forming part of net investment in a foreign operation	—	—	—	—	(31)	—	(31)	—	(31)
Net change in the fair value of available-for-sale investments	—	—	—	(88)	—	—	(88)	—	(88)
Income tax on other comprehensive income	—	—	—	15	5	—	20	—	20
Total other comprehensive (expense)/income	—	—	—	(73)	1,145	—	1,072	2,141	3,213
Total comprehensive income and expenses for the period	—	—	—	*(73)*	*1,145*	*4,987*	*6,059*	*816*	*6,875*

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2008

(Unreviewed)	Share capital	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Minority interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Transactions with owners, recorded directly in equity									
Changes in ownership interests in subsidiaries									
Effect of acquisition of a subsidiary and disposals of subsidiaries	—	—	—	—	—	—	—	3,933	3,933
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	3,933	3,933
Contributions by and distributions to owners									
Capital contribution by minority shareholders	—	—	—	—	—	—	—	7,899	7,899
Total contributions by and distributions to owners	—	—	—	—	—	—	—	7,899	7,899
Total transactions with owners	—	—	—	—	—	—	—	*11,832*	*11,832*
At 30 September 2008	20,000	(189)	189	39	(1,624)	40,199	58,614	32,999	91,613

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
Operating activities				
Profit from operating activities	7,266	289	36,333	3,878
Adjustments for:				
Allowance for doubtful trade receivables	—	—	—	110
Depreciation	5,013	4,042	14,991	9,940
Gain on disposal of:				
— investment properties	(42)	—	(189)	(375)
— property, plant and equipment	—	(16)	(1,223)	(39)
— subsidiaries	—	(355)	—	(355)
Impairment losses of unquoted equity investment	2,000	—	2,000	—
Reversal of allowance for impairment losses of unquoted equity investment	—	—	(220)	—
Write off of:				
— bad debts	—	—	—	102
— property, plant and equipment	—	—	68	2
Operating profit before working capital changes	14,237	3,960	51,760	13,263
Changes in working capital:				
Construction work-in-progress	(1.559)	3,037	9,007	1,392
Development properties	134	(4,894)	38,042	(15,123)
Trade and other receivables	6,280	(11,716)	8,504	(3,009)
Balances with related parties (trade)	(439)	4,236	(4,655)	2,753
Trade and other payables	10,774	2,098	(33,556)	14,316
Cash generated from operations	29,427	(3,279)	69,102	13,592
Income taxes paid	(1,968)	(876)	(3,194)	(4,743)
Income taxes refunded	682	—	1,195	—
Net cash from operating activities	28,141	(4,155)	67,103	8,849

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
Cash flows from investing activities				
Balances with related parties (non-trade)	298	(9,620)	(1,471)	(19,309)
Dividends received	—	38	—	42
Interest received	8	95	24	1,098
Net cash outflow on acquisition of a subsidiary	—	(1,466)	—	(1,020)
Net cash inflow/(outflow) on disposal of a subsidiary in:				
— current period	—	(7)	—	(7)
— prior period	—	1,595	—	2,279
Net cash outflow on investment in an associate	(15)	—	(15)	—
Proceeds from strike off of an associate	—	—	266	—
Proceeds from disposal of:				
— property, plant and equipment	188	15	1,141	50
— investment properties	651	—	875	479
Purchase of:				
— property, plant and equipment	(94)	(3,348)	(5,195)	(22,183)
— investment properties	—	—	—	(229)
— other investments	—	(1,236)	—	(1,915)
Other receivables	(159)	—	(159)	1,983
Net cash from investing activities	(877)	(13,934)	(4,534)	(38,732)
Cash flows from financing activities				
Balances with related parties (non-trade)	(11,499)	762	(12,026)	9,082
Capital contribution by minority shareholders	—	—	—	7,899
Decrease/(increase) in deposits pledged	611	(651)	674	(923)
Interest paid	(1,347)	(996)	(2,889)	(2,737)
Payments of finance lease liabilities	(273)	(195)	(714)	(677)
Proceeds from loans and borrowings	23,621	2,211	38,674	26,860
Repayments of loans and borrowings	(24,335)	(4,712)	(43,814)	(18,962)
Net cash from financing activities	(13,222)	(3,581)	(20,095)	20,542

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED COMBINED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2009	2008	2009	2008
		$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
Net increase/(decrease) in cash and cash equivalents		15,796	(21,670)	42,474	(9,341)
Cash and cash equivalents at beginning of the period		19,539	16,971	(6,858)	4,345
Effect of exchange rate changes on balances held in foreign currencies		(10)	797	(291)	1,094
Cash and cash equivalents at end of the period	15	35,325	(3,902)	35,325	(3,902)

During the nine-month period ended 30 September 2009, the Group acquired property, plant and equipment with an aggregate cost of $2,692,000, of which $175,000 was acquired under finance leases.

The accompanying notes form an integral part of the interim financial statements.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

These notes form an integral part of the interim financial statements.

1. Significant accounting policies

Basis of preparation

The unaudited condensed interim combined financial statements of Tiong Seng Holdings Limited (the "Company") and its subsidiaries (the "Group") have been prepared on a condensed basis in accordance with Singapore Financial Reporting Standard (FRS) 34 *Interim Financial Reporting*.

The unaudited condensed interim combined financial statements, which do not include the full disclosures of the type normally included in a complete set of combined financial statements, are to be read in conjunction with the last issued combined financial statements for the financial years ended 31 December 2006, 2007 and 2008 and the six-month period ended 30 June 2009 ("Combined Financial Statements") as set out in Annex F of this Prospectus.

For the purposes of the unaudited condensed interim combined financial statements, the subsidiaries of the Group consist of those companies under common control during the financial period from 1 January to 30 September 2009, and will after 30 September 2009, continue to be under common control or will come under the control of the Company.

Accounting policies and methods of computation used in the unaudited condensed interim combined financial statements are consistent with those applied in the Combined Financial Statements as set out in Annex F of this Prospectus.

2. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

3. Dividends

No dividend is declared or recommended for the nine-month period ended 30 September 2009 (Nine-month period ended 30 September 2008: Nil).

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

4. The 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") in preparation for the proposed listing of the Company on the Singapore Exchange Securities Trading Limited, the Company underwent a restructuring which is set out in note 1(c) to the Combined Financial Statements. As a result of the Restructuring, the Company becomes the holding company of the Group.

5. Unusual items

During the nine-month period ended 30 September 2009, there were no unusual items affecting the Group.

6. Subsidiaries

During the nine-month period ended 30 September 2009, there were the following changes to the Group's effective equity interest in subsidiaries:

(a) On 21 September 2009, the paid-in capital of Tianjin Zizhulin was increased from US$15.9 million (approximately $23.1 million) to US$19.4 million (approximately $29.0 million).

(b) On 25 September 2009, the paid-in capital of Tianjin Zizhulin Nanxi was increased from RMB114.9 million (approximately $24.4 million) to RMB136.9 million (approximately $29.1 million).

Name of company	Principal activities	Country of incorporation	Effective equity interest held by the Group 30 September 2009 %	 31 December 2008 %
Tianjin Zizhulin and its subsidiaries:	Property development	People's Republic of China ("PRC")	48	48
Tianjin Tianmen Jinwan	Property development	PRC	34	34
Tianjin Zizhulin Investment and its subsidiaries:	Investment holding	PRC	31	31
Cangzhou Huashi	Property development	PRC	19	19
Tianjin Zizhulin Nanxi	Property development	PRC	41	30

6. Subsidiaries (continued)

The minority shareholder of Tianjin Zizhulin, Tianjin Tianmen Jinwan and Tianjin Zizhulin Investment is Tianjin City Tianmen Property Co., Ltd. ("Tianjin City Tianmen"). Due to funds requirement for a property development project in the PRC, the shareholders of Tianjin Zizhulin, Chang De Investment and Tianjin City Tianmen were called upon to inject funds into Tianjin Zizhulin in November 2009. As Chang De Investment injected an additional sum of USD3.6 million into Tianjin Zizhulin on top of what it was required to inject, Tianjin City Tianmen's shareholding interest in Tianjin Zizhulin was decreased from 20% to 4.3%. Notwithstanding this, it has been mutually agreed between Chang De Investment and Tianjin City Tianmen that their shareholding interest in Tianjin Zizhulin shall be that of 80% and 20% respectively.

7. Property, plant and equipment

	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, equipment and electrical fittings $'000	Motor vehicles $'000	Assets and property under construction $'000	Total $'000
Cost							
At 1 January 2008	5,557	10,755	27,253	1,391	5,916	268	51,140
Additions	—	—	27,234	190	597	—	28,021
Acquisition of a subsidiary	—	—	—	—	23	—	23
Disposals/Write-off	—	(291)	(205)	(127)	(285)	—	(908)
Disposal of subsidiaries	—	—	—	(15)	(2)	—	(17)
Transferred to investment properties	—	—	—	—	—	(268)	(268)
Effects of movements in exchange rates	—	30	165	30	170	—	395
31 December 2008	5,557	10,494	54,447	1,469	6,419	—	78,386
Additions	—	83	2,047	159	403	—	2,692
Disposals/Write-off	—	—	(53)	(96)	(792)	—	(941)
Effects of movements in exchange rates	—	(18)	(187)	—	(75)	—	(280)
At 30 September 2009	5,557	10,559	56,254	1,532	5,955	—	79,857

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

7. Property, plant and equipment (continued)

	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, equipment and electrical fittings $'000	Motor vehicles $'000	Assets and property under construction $'000	Total $'000
Accumulated depreciation and impairment losses							
At 1 January 2008	26	3,541	18,182	878	3,348	—	25,975
Depreciation charge for the year	105	265	12,779	196	671	—	14,016
Disposals/Write-off	—	(20)	(187)	(120)	(118)	—	(445)
Disposal of subsidiaries	—	—	—	(8)	—	—	(8)
Effects of movements in exchange rates	—	16	90	12	139	—	257
At 31 December 2008	131	3,802	30,864	958	4,040	—	39,795
Depreciation charge for the period	79	213	13,531	165	468	—	14,456
Disposals/Write-off	—	—	(36)	(29)	(734)	—	(799)
Effects of movements in exchange rates	—	(4)	(136)	—	(44)	—	(184)
At 30 September 2009	210	4,011	44,223	1,094	3,730	—	53,268
Carrying amount							
At 1 January 2008	5,531	7,241	9,071	513	2,568	268	25,165
At 31 December 2008	5,426	6,692	23,583	511	2,379	—	38,591
At 30 September 2009	5,347	6,548	12,031	438	2,225	—	26,589

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

8. Associates and joint ventures

	30 September 2009 $'000	31 December 2008 $'000
Investments in associates	15	266
Investments in joint ventures	22,645	9,937
	22,660	10,203

The summarised financial information relating to joint ventures is adjusted for the percentage of ownership held by the Group. The financial information of the Group's investments in joint ventures is as follows:

	30 September 2009 $'000	31 December 2008 $'000
Assets and liabilities		
Total assets	108,358	65,281
Total liabilities	(85,713)	(55,344)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009 $'000	2008 $'000 (Unreviewed)	2009 $'000	2008 $'000 (Unreviewed)
Results				
Revenue	87,481	4,353	187,745	16,647
Profit after taxation	5,364	97	12,708	898

There were no capital commitments and contingent liabilities as at 30 September 2009.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

9. Trade and other receivables

	30 September 2009 $'000	31 December 2008 $'000
Non-current		
Retention monies on construction contracts	11,375	15,331
Current		
Trade receivables	17,936	27,038
Less: Allowance for doubtful receivables	(234)	(234)
	17,702	26,804
Advances to suppliers:		
— trade	18	—
— non-trade	—	27
Accrued receivables	28,198	34,873
Retention monies on construction contracts	24,225	13,080
Deposits and prepayments	1,642	2,174
Deposit placed for acquisition of land use rights	24,301	18,989
Deposit placed for joint development project	2,077	2,110
Prepayment for resettlement costs	292	431
Tax recoverable	—	3,078
Tax prepayments	—	2,909
Other receivables	1,737	1,414
	100,192	105,889
Total	111,567	121,220

As at 30 September 2009 and 31 December 2008, the deposit placed for acquisition of land use rights relates to the purchase of a piece of land in Dagang, PRC.

10. Amounts due from/(to) related parties

Amounts due from related parties

	30 September 2009 $'000	31 December 2008 $'000
Non-current		
Retention monies due from joint ventures	563	334
Current		
Trade amounts due from:		
— affiliated corporation	2	—
— joint ventures	3,967	896
Retention monies due from a joint venture	—	382
	3,969	1,278

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

	30 September 2009 $'000	31 December 2008 $'000
Non-trade amounts due from:		
— an associate	21	—
— affiliated corporations	86	88
— joint ventures	2,442	1,308
— minority shareholders	17,475	17,238
	20,024	18,634
Loans to minority shareholders	2,409	2,110
	26,402	22,022
Total	26,965	22,356

An affiliated corporation is defined as one:

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

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

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

The non-trade amounts due from minority shareholders are unsecured, interest-free and repayable on demand except for an amount of $17,106,000 (31 December 2008: $14,498,000) which is secured by the undistributed retained earnings of subsidiaries attributable to the minority shareholders of those subsidiaries as at 30 September 2009 (31 December 2008: $2,466,000).

The loans of $2,326,000 (31 December 2008: $2,110,000) to a minority shareholder are secured, bear interests at rates of 12.09% to 18% per annum and are repayable within a year. The remaining amounts to minority shareholders are mainly unsecured, interest-free and are repayable within a year.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

10. Amounts due from/(to) related parties (continued)

Amounts due to related parties

	30 September 2009 $'000	31 December 2008 $'000
Non-current		
Loans from:		
— an affiliated corporation	—	(5,675)
— a minority shareholder	(3,572)	(4,147)
Non-trade amount due to an affiliated corporation	—	(348)
Total non-current amounts due to related parties	(3,572)	(10,170)
Current		
Trade amounts due to		
— an affiliated corporation	(546)	(1,599)
— joint ventures	—	(682)
	(546)	(2,281)
Non-trade amounts due to:		
— a corporate shareholder	(647)	(293)
— a director of a subsidiary	(3)	—
— an affiliated corporation	(1,015)	—
— minority shareholders	(3,978)	(4,089)
	(5,643)	(4,382)
Loans from:		
— a corporate shareholder	—	(10,000)
— a corporate shareholder of a subsidiary which is also an affiliated corporation	(3,021)	(3,072)
— an affiliated corporation	(5,587)	—
— minority shareholders	(330)	(2,191)
	(8,938)	(15,263)
Total current amounts due to related parties	(15,127)	(21,926)
Total	(18,699)	(32,096)

10. Amounts due from/(to) related parties (continued)

The long-term loans from an affiliated corporation in 2008 due for repayment on 15 July 2010 are reclassified to short-term loans at 30 September 2009. The loans are unsecured and bear interest at an effective rate of 8% per annum.

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

The long-term non-trade amount due to an affiliated corporation is reclassified to short-term non trade amount as it relates to accrue of loan interest expense which will be repaid together with the loan principal.

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

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

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

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

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

11. Other investments

	30 September 2009 $'000	**31 December 2008 $'000**
Club membership, at cost	285	285
Available-for-sale investment securities		
Quoted equity investments, at fair value	58	20
Unquoted equity investments, at cost	4,728	4,737
Impairment losses	(3,630)	(1,850)
	1,098	2,887
Total	1,441	3,192

11. Other investments (continued)

The unquoted equity investments are stated at cost since there is no market comparables or reliable estimates available to project future cash flows of the investee companies to arrive at their fair values.

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

	30 September 2009 $'000	31 December 2008 $'000
At 1 January	1,850	1,200
Impairment loss		
— recognised	2,000	650
— (reversed)	(220)	—
At 30 September/31 December	3,630	1,850

A subsidiary's unquoted equity investment incurred a net loss of approximately $5,138,000 for the financial year ended 31 December 2008. In this connection, the directors of the subsidiary have assessed the recoverable amount of the investment based on its estimated net fair value. An impairment loss of $650,000 on the unquoted equity investment was recognised in profit or loss under other expenses in the financial year ended 31 December 2008. On 30 September 2009, due to unfavourable changes in market, industry and economic conditions in which the investee entity operate that indicate that the cost of the investment may not be recovered, the directors of the subsidiary reassessed the recoverable amount of the investment based on its revised estimated net fair value and further impairment loss of $2,000,000 on the unquoted equity investment is recognised in profit or loss under other expenses for the nine-month period ended 30 September 2009.

In the nine-month period ended 30 September 2009, the directors of the subsidiary have assessed the recoverable amount of another investment based on its estimated net fair value and reversed impairment loss of $220,000 made previously on the unquoted equity investment. The reversal of impairment loss is recognised in profit or loss under other expenses in the nine-month period ended 30 September 2009.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

12. Deferred tax assets and liabilities

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

	At 1 January 2009 $'000	Recognised in profit or loss (note 20) $'000	At 30 September 2009 $'000
Deferred tax assets			
Property, plant and equipment	—	513	513
Investment properties	—	437	437
Other receivables	—	6	6
Trade and other payables	80	31	111
Estimated benefit on loss carry forward	923	(265)	658
Unutilised investment allowance	146	2,119	2,265
	1,149	2,841	3,990

	At 1 January 2009 $'000	Recognised in profit or loss (note 20) $'000	At 30 September 2009 $'000
Deferred tax liabilities			
Property, plant and equipment	(364)	364	—
Other receivables	—	(27)	(27)
Development properties	—	(106)	(106)
Trade and other payables	—	(71)	(71)
Profits on uncompleted projects	(412)	(7,432)	(7,844)
Unremitted earnings	(498)	—	(498)
	(1,274)	(7,272)	(8,546)

	At 1 January 2008 $'000	Recognised in profit or loss (note 20) $'000	At 31 December 2008 $'000
Deferred tax assets			
Trade and other payables	65	15	80
Estimated benefit on loss carry forward	361	562	923
Unutilised wear and tear allowance	334	(334)	—
Unutilised investment allowance	—	146	146
	760	389	1,149

	At 1 January 2008 $'000	Recognised in profit or loss (note 20) $'000	At 31 December 2008 $'000
Deferred tax liabilities			
Property, plant and equipment	(617)	253	(364)
Profits on uncompleted projects	(3,468)	3,056	(412)
Unremitted earnings	(549)	51	(498)
	(4,634)	3,360	(1,274)

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

	30 September 2009 $'000	31 December 2008 $'000
Deferred tax assets	1,597	937
Deferred tax liabilities	(6,153)	(1,062)

13. Construction work-in-progress

	30 September 2009 $'000	31 December 2008 $'000
Costs incurred	463,544	512,581
Attributable profits and losses	41,876	38,014
	505,420	550,595
Allowance for foreseeable losses	(5,200)	(2,700)
	500,220	547,895
Progress billings	(500,355)	(539,006)
	(135)	8,889
Represented by:		
Construction work-in-progress	4,534	11,584
Progress billings in excess of construction work-in-progress	(4,669)	(2,695)
	(135)	8,889

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

13. Construction work-in-progress (continued)

The followings were capitalised in construction work-in-progress during the period/year:

	30 September 2009 $'000	31 December 2008 $'000
Depreciation of property, plant and equipment	13,753	12,925
Staff costs	15,958	22,604
	29,711	35,529

14. Development properties

	30 September 2009 $'000	31 December 2008 $'000
Completed properties held for sale	26,389	583
Properties under development	57,426	121,307
	83,815	121,890
Interest expense capitalised in development properties	2,678	4,605

15. Cash and cash equivalents

	30 September 2009 $'000	31 December 2008 $'000
Cash at banks and in hand	35,325	9,659
Fixed deposits	1,700	1,273
	37,025	10,932
Bank overdrafts	—	(15,416)
	37,025	(4,484)
Deposits pledged	(1,700)	(2,374)
Cash and cash equivalents in the combined statement of cash flows	35,325	(6,858)

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rate relating to cash and cash equivalents at 30 September 2009 is 0.10% (31 December 2008: 0.68%) per annum.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

16. Trade and other payables

	30 September 2009 $'000	31 December 2008 $'000
Non-current		
Retention sums payable	10,288	7,026
Current		
Trade payables	15,110	16,591
Accrued trade payables	53,605	43,864
Accrued operating expenses	4,307	4,086
Provision for claims	791	935
Receipts in advance	18,650	63,975
Retention sums payable	7,041	6,147
Other payables	4,957	8,146
	104,461	143,744
Total	114,749	150,770

Included in receipts in advance as at 30 September 2009 were instalments of sales proceeds received from buyers of $17,294,000 (31 December 2008: $63,975,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

17. Loans and borrowings

	30 September 2009 $'000	31 December 2008 $'000
Non-current		
Secured bank loans	8,951	2,942
Secured loan from a financial institution	14,954	—
Finance lease liabilities	228	497
	24,133	3,439
Current		
Secured bank overdrafts	—	15,416
Secured bank loans	26,900	54,767
Secured loan from business associates	1,402	—
Unsecured loan from a business associate	623	633
Finance lease liabilities	645	878
	29,570	71,694
Total loans and borrowings	53,703	75,133

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

17. Loans and borrowings (continued)

	30 September 2009 $'000	31 December 2008 $'000
Maturities of liabilities (excluding finance lease liabilities)		
Within 1 year	28,925	70,816
After 1 year but within 5 years	23,905	2,942
After 5 years	—	—
	52,830	73,758

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

	30 September 2009 $'000	31 December 2008 $'000
Carrying amounts of assets:		
Leasehold land	5,347	5,426
Leasehold properties	5,979	6,157
Investment properties	1,014	1,033
Development properties	20,569	81,078
Plant and machinery	6,095	15,132
Deposits pledged	1,700	2,374
Total	40,704	111,200

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

Secured loan from a financial institution

Pursuant to a loan agreement dated 23 September 2009 and the shareholding entrusted agreements (the "Agreements"), Tianjin Zizhulin and Suzhou Huisheng transferred their collective interest, amounting to 60.6% of the entire equity interest in Tianjin Tianmen Jinwan, to Northern International Trust & Investment Co., Ltd ("Northern International Trust") as a form of security for the loan amounting to RMB72 million (approximately $15.0 million) from Northern International Trust to Tianjin Zizhulin Investment. The terms and conditions of the Agreements provide that Northern International Trust will transfer the shares back to Tianjin Zizhulin and Suzhou Huisheng at no consideration upon the repayment of loan and the relevant interest payable by Tianjin Zizhulin Investment to Northern International Trust on or before 23 March 2011. Notwithstanding this, Tianjin Tianmen Jinwan remains a subsidiary of the Group.

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

17. Loans and borrowings (continued)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 30 September 2009				
Secured bank loans	Renminbi ("RMB")	6.98	2010-2011	8,309
Secured bank loans	Singapore dollars ("SGD")	1.75-5.25	2009-2011	27,542
Secured loan from a financial institution	RMB	12.50-16.50	2011	14,954
Secured loan from business associates	RMB	42.00	2009	1,402
Unsecured loan from a business associate	RMB	—	2009	623
Finance lease liabilities	SGD	1.37-5.13	2009-2012	873
Total loans and borrowings				53,703
At 31 December 2008				
Secured bank loans	RMB	7.33-7.84	2009-2010	23,209
Secured bank loans	SGD	2.19-5.25	2009-2011	34,500
Secured bank overdrafts	SGD	5.00-5.50	2009	15,416
Unsecured loan from a business associate	RMB	—	2009	633
Finance lease liabilities	SGD	2.30-5.13	2009-2012	1,375
Total loans and borrowings				75,133

17. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 30 September 2009			
Within 1 year	645	27	672
After 1 year but within 5 years	217	18	235
After 5 years	11	1	12
	873	46	919
At 31 December 2008			
Within 1 year	878	46	924
After 1 year but within 5 years	497	13	510
After 5 years	—	—	—
	1,375	59	1,434

18. Profit/(Loss) before income tax

The following items have been included in arriving at profit/(loss) before income tax:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009 $'000	2008 $'000 (Unreviewed)	2009 $'000	2008 $'000 (Unreviewed)
(a) Other income				
Business tax incentive	—	—	3,128	—
Fees from management of properties	48	147	159	275
Gain on disposal of:				
— investment properties	42	—	189	375
— property, plant and equipment	—	16	1,223	39
— spare parts and materials	20	10	34	207
— subsidiaries	—	355	—	355
Government grant — jobs credit scheme	180	—	554	—
Provision of demolition services and miscellaneous works	2	371	117	424
Provision of project administrative services	139	—	603	—
Others	45	77	207	534
	476	976	6,214	2,209

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

18. Profit/(Loss) before income tax (continued)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
(b) Other expenses includes:				
Allowance for doubtful trade receivables	—	—	—	110
Bank charges	17	233	33	247
Direct operating expenses arising from rental of investment properties, plant and machinery	65	94	247	768
Impairment losses on unquoted equity investment	2,000	—	2,000	—
Initial public offering expenses	987	470	1,160	1,261
Operating lease expenses	133	76	416	246
Reversal of allowance for impairment losses in unquoted equity investment	—	—	(220)	—
Write off of:				
— bad debts	—	—	—	102
— property, plant and equipment	—	—	68	2

19. Finance income and expenses

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
Recognised in profit or loss				
Dividend income from available-for-sale financial assets	—	—	—	4
Interest income on:				
— cash and cash equivalents	8	91	24	167
— loan to a business associate	—	—	—	386
— loan to an investee	—	—	—	541
— loan to a minority shareholder	127	62	491	200
Accretion of discount implicit in retention sum receivables	224	143	1,704	2,525
Implicit interest in retention sum payables	87	119	777	397
Finance income	446	415	2,996	4,220

19. Finance income and expenses (continued)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
Interest expense on:				
— bank loans	(456)	(399)	(1,473)	(973)
— bank overdrafts	(3)	(170)	(106)	(382)
— finance leases	(13)	(22)	(43)	(63)
— loan from a corporate shareholder	(30)	(190)	(253)	(245)
— loan from business associates	(124)	—	(398)	—
Accretion of implicit interest in retention sum payables	(140)	(78)	(265)	(443)
Discount implicit in retention sum receivables	(239)	(210)	(710)	(404)
Exchange (loss)/gain (net)	(312)	3	(374)	155
Finance expenses	(1,317)	(1,066)	(3,622)	(2,355)
Net finance (expenses)/income recognised in profit or loss	(871)	(651)	(626)	1,865
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	135	153	515	1,294
— Total interest expenses on financial liabilities	(626)	(781)	(2,273)	(1,663)

20. Income tax

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
Current tax				
Current period	576	(164)	4,382	905
Land appreciation tax	57	47	3,134	2,672
Adjustment for prior periods	—	—	(2,086)	521
	633	(117)	5,430	4,098

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

20. Income tax (continued)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
Deferred tax				
Origination and reversal of temporary differences	764	41	2,386	(184)
Effect of reduction in tax rates	11	16	(177)	81
Recognition of previously unrecognised deferred tax assets	—	—	(269)	—
Adjustment for prior periods	—	—	2,491	(1,017)
	775	57	4,431	(1,120)
Total income tax	1,408	(60)	9,861	2,978
Reconciliation of effective tax rate				
Profit/(Loss) before income tax	11,759	(265)	48,415	6,640
Less: Share of profit of associates and joint ventures, net of tax	(5,364)	(97)	(12,708)	(897)
Profit/(Loss) before income tax excluding share of results of associates and joint ventures	6,395	(362)	35,707	5,743
Income tax using domestic rates applicable to different jurisdictions	1,131	(91)	7,936	1,374
Effect of reduction in tax rates	11	16	(177)	81
Expenses not deductible for tax purposes	239	125	564	455
Income not subject to tax	(39)	(14)	(357)	(158)
Deferred tax benefits not recognised	23	70	211	902
Tax incentives	—	(200)	(806)	(1,200)
Effect of land appreciation tax	42	35	2,350	2,004
(Over)/Underprovision in prior periods:				
— current tax	—	—	(2,086)	521
— deferred tax	—	—	2,491	(1,017)
Recognition of previously unrecognised deferred tax assets	—	—	(269)	—
Others	1	(1)	4	16
	1,408	(60)	9,861	2,978

21. Earnings per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
Basic earnings per share is based on:				
Net profit attributable to ordinary shareholders	9,816	523	29,228	4,987
	Number of shares '000	**Number of shares '000 (Unreviewed)**	**Number of shares '000**	**Number of shares '000 (Unreviewed)**
Weighted average number of shares during the period (after sub-division of each ordinary share into 550 ordinary shares)	564,996	564,996	564,996	564,996

For the purposes of preparing the unaudited condensed interim combined financial statements, the number of shares as at 30 September 2009 comprises the shares of the Company and its direct subsidiaries.

In calculating earnings per share, the number of shares in issue is after the sub-division of each ordinary share into 550 ordinary shares on 31 March 2010, which have been applied retrospectively in presenting earnings per share information for all periods presented.

There were no dilutive potential ordinary shares in existence for the three-month and nine-month periods ended 30 September 2009 (three-month and nine-month periods ended 30 September 2008: Nil).

22. Operating segments

The segment information provided to the Chief Executive Officer for the reportable segments for the three-month and nine-month periods ended 30 September 2009 and 2008 (unreviewed) is as follows:

Three-month period ended 30 September 2009

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	77,192	6,687	174	84,053	—	—	84,053
Interest income	284	131	—	415	58	(338)	135
Interest expenses	(283)	(343)	—	(626)	(283)	283	(626)
Depreciation	4,848	15	150	5,013	—	—	5,013
Reportable segment profit before income tax	6,535	112	(62)	6,585	(135)	(55)	6,395
Share of profit of associates and joint ventures, net of tax	5,364	—	—	5,364	—	—	5,364
Profit before income tax							11,759
Income tax expense							(1,408)
Profit for the period							10,351

Nine-month period ended 30 September 2009

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	217,941	82,941	791	301,673	—	—	301,673
Interest income	842	508	—	1,350	175	(1,010)	515
Interest expenses	(1,247)	(1,025)	—	(2,272)	(842)	841	(2,273)
Depreciation	14,320	99	572	14,991	—	—	14,991
Reportable segment profit before income tax	15,892	20,716	252	36,860	(984)	(169)	35,707
Share of profit of associates and joint ventures, net of tax	12,708	—	—	12,708	—	—	12,708
Profit before income tax							48,415
Income tax expense							(9,861)
Profit for the period							38,554

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

22. Operating segments (continued)

Three-month period ended 30 September 2008 (Unreviewed)

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	57,253	117	369	57,739	—	—	57,739
Interest income	322	194	—	516	(25)	(338)	153
Interest expenses	(686)	(95)	—	(781)	(284)	284	(781)
Depreciation	3,829	28	185	4,042	—	—	4,042
Reportable segment profit before income tax	1,046	(773)	340	613	(920)	(55)	(362)
Share of profit of associates and joint ventures, net of tax	97	—	—	97	—	—	97
Profit before income tax							(265)
Income tax expense							60
Profit for the period							(205)

Nine-month period ended 30 September 2008 (Unreviewed)

	Construction	Property development	Rental	Segments total	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	191,484	7,469	1,883	200,836	—	—	200,836
Interest income	993	738	—	1,731	89	(526)	1,294
Interest expenses	(1,257)	(405)	—	(1,662)	(368)	367	(1,663)
Depreciation	9,298	75	567	9,940	—	—	9,940
Reportable segment profit before income tax	4,286	984	1,333	6,603	(700)	(160)	5,743
Share of profit of associates and joint ventures, net of tax	897	—	—	897	—	—	897
Profit before income tax							6,640
Income tax expense							(2,978)
Profit for the period							3,662

22. Operating segments (continued)

Geographical segments

The following table represents revenue regarding the Group's geographical segments:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
Revenue from external customers				
Singapore	75,885	56,286	212,530	185,944
PRC	6,769	219	83,236	8,273
PNG	1,395	1,231	5,886	6,389
Other countries	4	3	21	230
	84,053	57,739	301,673	200,836

23. Commitments

(a) Commitments

As at 30 September 2009, commitments of the Group not reflected in the unaudited condensed interim combined financial statements are as follows:

	30 September 2009 $'000	31 December 2008 $'000
Uncalled share capital in unquoted equity investment	1,500	1,500
Acquisition of land use rights	77,050	—
Developmental costs contracted but not provided for	735	617
	79,285	2,117

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

23. Commitments (continued)

(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 and parking lots are payable as follows:

	30 September 2009 $'000	31 December 2008 $'000
Within 1 year	271	315
After 1 year but within 5 years	416	780
After 5 years	203	251
	890	1,346

24. Financial guarantees

	30 September 2009 $'000	31 December 2008 $'000
Financial guarantee contracts		
Financial guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (unsecured)	7,072	16,990
Financial guarantee given to an external party for loan granted to a minority shareholder (secured)	2,483	2,522
	9,555	19,512

Financial guarantee contracts

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

At 30 September 2009, the financial guarantee given to an external party for a loan granted to a minority shareholder is secured on certain development properties of the Group amounting to $1,844,000 (31 December 2008: $1,637,000).

25. Related parties

For the purposes of these unaudited condensed interim combined 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 compensation

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

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
		(Unreviewed)		(Unreviewed)
Short-term employee benefits	504	471	1,929	1,794
Post-employment benefits	15	11	65	65
Others	10	—	29	13
	529	482	2,023	1,872
Directors' fees included in other expenses	30	30	90	90

TIONG SENG HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

25. Related parties (continued)

(b) Significant transactions with related parties

During the three-month and nine-month periods ended 30 September 2009 and 2008 (unreviewed), apart from those disclosed elsewhere in the unaudited condensed interim combined financial statements, transactions with related parties are as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2009	2008	2009	2008
	$'000	$'000 (Unreviewed)	$'000	$'000 (Unreviewed)
A corporate shareholder				
Rental fee paid and payable for parking lots	(56)	(12)	(95)	(12)
Interest paid and payable	(30)	(190)	(253)	(245)
Joint ventures				
Revenue from construction contracts	1,678	2,883	21,620	10,267
Purchase of raw materials	—	—	(374)	—
Affiliated corporations				
Rental income from leasing of equipment	—	5	1	5
Rental of office received and receivable	—	4	—	12
Service income	4	4	13	13
Hiring charges	(422)	(1,083)	(2,011)	(2,072)
Purchase of materials	(13)	(498)	(231)	(2,370)
Interest paid and payable	(177)	(168)	(654)	(168)
Minority shareholder				
Interest income on loan	121	61	485	199

At 30 September 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, construction of the related development properties for the Group's developmental project in the PRC.

26. Subsequent events

Subsequent to 30 September 2009, the following events took place:

(a) On 12 November 2009, Tiong Seng Properties has entered into an equity joint venture agreement (the "Agreement") with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. whereby Tiong Seng Properties holds a 49% interest. The Agreement entered into is in relation to the establishment of a new real estate development company, Tianjin Eco-City Sheng Jing Investment and Development Co., Ltd. ("Tianjin Sheng Jing") in PRC to jointly develop a piece of residential-land in Sino-Singapore Tianjin Eco-City, PRC ("Project Eco-City").

On 29 January 2010, Tianjin Sheng Jing was incorporated in the PRC with a registered capital of RMB 160 million (approximately $33.2 million).

On 28 December 2009, Tianjin Zizhulin Investment incorporated a 100% owned subsidiary — Chang Sheng (Tianjin) Construction Management and Consultancy Co., Ltd. ("Chang Sheng") with a paid-in capital of RMB 1 million (approximately $208,000). Chang Sheng was set up as a construction management company to predominantly manage the construction of Project Eco-City.

(b) On 13 November 2009, the paid-in capital of Tianjin Zizhulin was increased from US$19.4 million (approximately $29.0 million) to US$23.0 million (approximately $34.4 million).

(c) On 1 December 2009, the paid-in capital of Tianjin Zizhulin Nanxi was increased from RMB136.9 million (approximately $29.1 million) to RMB200 million (approximately $42 million).

(d) On 4 December 2009 and 6 January 2010, the paid-in capital of Tianjin Zizhulin Investment was increased from RMB100 million (approximately $21.3 million) to RMB113 million (approximately $24.0 million) and from RMB113 million (approximately $24.0 million) to RMB164 million (approximately $34.9 million) respectively.

(e) On 17 December 2009, Tiong Seng Contractors registered a joint venture with GS Engineering & Construction Corp. whereby Tiong Seng Contractors holds a 30% interest, to undertake a construction contract amounting to approximately $430 million for the proposed construction of stations and tunnels at Hillview and Cashew for stage 2 of downtown line in Singapore.

26. Subsequent events (continued)

(f) At an Extraordinary General Meeting held on 31 March 2010, the shareholders approved, *inter alia*, the following: the sub-division of each ordinary share of the Company into 550 ordinary shares;

(i) the conversion of the Company into a public limited company and the change of name to "Tiong Seng Holdings Limited";

(ii) the adoption of the new Articles of Association of the Company;

(iii) the issue of the new shares pursuant to the Invitation, such new shares, when fully paid, allotted and issued, will rank pari passu in all respects with existing issued shares; and

(iv) the adoption of the Tiong Seng Share Award Scheme ("Award Scheme") and that the directors of the Company be authorised to allot and issue new shares upon the release of the awards granted under the Award Scheme.

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ANNEX H — DESCRIPTION OF SINGAPORE LAW RELATING TO TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Prospectus, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of owning and disposing our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

General

Singapore tax residents, both corporate and individuals, are subject to Singapore income tax on income that is accrued in or derived from Singapore and, subject to certain exceptions, on foreign income received or deemed to be received in Singapore.

Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by all tax resident taxpayers on or after 1 June 2003 will be exempt from tax if certain prescribed conditions are met.

All foreign-sourced income received in Singapore by Singapore tax resident individuals are exempt from tax with effect from the Year of Assessment 2005. In addition, certain Singapore sourced investment income derived by individuals on or after 1 January 2004 is also exempt from tax.

Non-resident corporate taxpayers are subject to income tax on income that is accrued in or derived from Singapore, and subject to certain exceptions, on foreign income received in Singapore.. Non-resident individuals, subject to certain exceptions, are subject to income tax on the income accrued in or derived from Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

The prevailing corporate tax rate in Singapore is currently 18% with certain exemptions for the first $300,000 of normal chargeable income. Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's circumstances but is subject to a maximum rate of 20%.

Dividend Distributions

Singapore moved to the one-tier corporate tax system with effect from 1 January 2008. Under this system, the tax payable on normal chargeable income by Singapore companies which are tax resident in Singapore would constitute a final tax. As such, dividends payable by companies on the one-tier corporate tax system would be exempt from tax in the hands of its shareholders (referred hereinafter as “one-tier tax exempt dividends”).

There is no withholding tax on dividends paid to non-Singapore tax resident shareholders. Foreign shareholders are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence and the applicability of any double taxation agreement that their country of residence may have with Singapore.

Gains on Disposal of our Shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade in Singapore.

Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the disposal profits would be taxable.

Stamp Duty

There is no stamp duty payable on the subscription of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of $0.20 for every $100 or any part thereof, computed on the consideration of the transfer, or market value, of our Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

The above stamp duty is not applicable to electronic transfers of our Shares through the CDP system.

Estate Duty

The Singapore Government announced on 15 February 2008 that the estate duty will be abolished with immediate effect.

Goods and Services Tax (“GST”)

The sale of our Shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Generally, any GST directly or indirectly incurred by the GST-registered investor in respect of this exempt sale will become an additional cost to the investor.

Where our Shares are sold by a GST registered investor to a person belonging outside Singapore, the sale is a taxable sale subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares will be subject to GST at the standard rate currently at 7%. Similar services rendered to an investor belonging outside Singapore may be zero-rated if certain conditions are met.

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Our Ref : NC:CL:rs:0909033-37

30 November 2009

Tiong Seng Contractors (Pte) Ltd
510 Thomson Road #08-00
SLF Building
Singapore 298135

Attn: The Directors

Dear Sirs

RE : VALUATION OF 1) 510 THOMSON ROAD #08-00 SLF BUILDING SINGAPORE 298135
2) 61 TUAS SOUTH AVENUE 1 SINGAPORE 637554
3) 89 SHORT STREET #09-02 GOLDEN WALL CENTRE SINGAPORE 188216
4) 5 MOUNT EMILY ROAD #08-03 PARC EMILY SINGAPORE 228490
5) 17 EVELYN ROAD #21-08 RESIDENCES @ EVELYN SINGAPORE 309306

We refer to your recent instruction to undertake a valuation of the above-mentioned "(the subject properties)" to determine the open market value of the subject properties, as at 30 November 2009 for the purpose of Initial Public Offering (IPO).

The term "Open Market Value" as used herein is intended to mean "the highest value at which the sale interest in property might reasonably be expected to have been completed as at the date of valuation, assuming,

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, joint venture, sale and lease back or any similar arrangement which could serve to affect the value of the property.

DTZ Debenham Tie Leung (SEA) Pte Ltd

100 Beach Road #35-00 Shaw Tower
Singapore 189702
Tel: +65 6293 3228
Fax: +65 6292 1633/6298 9328

.../Page 2

DTZ

Tiong Seng Contractors (Pte) Ltd **30 November 2009**

A summary of our valuation together with a brief description of the properties is appended to this Valuation Certificate.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect value, other than those which have been indicated to us.

We confirm that we have made relevant searches and enquiries, and obtained the necessary information in order to render our opinion of value.

We were not instructed to carry out a structural survey of the buildings, or to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspection. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

Neither the whole of this Certificate, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our normal practice, we confirm that this Valuation Certificate is for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party.

Yours faithfully
for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

DTZ

VALUATION SUMMARY

Property	:	510 Thomson Road #08-00 SLF Building Singapore 298135
Legal Description	:	Lot U25756W Mukim 17.
Strata Floor Area	:	878.0 sq.m
Tenure	:	99 years commencing from 12 February 1979.
Registered Proprietor	:	Tiong Seng Contractors (Private) Limited.
Master Plan Zoning (2008 Edition)	:	Civic and Community Institution
Brief Description	:	SLF Building is a 19-storey commercial building with 4 basement levels located within SLF Complex, which also includes SLF Auditorium and MCDS Building. The building is constructed of reinforced concrete frames with infill brickwalls, reinforced concrete staircases and flat roof. It accommodates offices from the 2nd basement to the 19th storeys except for the 3rd storey which is a service level housing water tanks, electrical switch room and generator room etc. Each of the office level is provided with a set of male/female toilets. Access to the upper storeys within the building is by means of 6 passenger lifts, 1 fireman lift and 2 sets of reinforced concrete staircases. In addition, surface/covered carparking facilities are provided on the 1st storey and from basements 1 to 4. The subject property comprises an office unit located on the whole of the 8th storey of SLF Building.
Open Market Value as at 30 November 2009	:	**S$7,800,000/-** **(Singapore Dollars Seven Million And Eight Hundred Thousand).**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

Date : 30 November 2009
Our Ref : NC:CL:rs:0909033

DTZ

VALUATION SUMMARY

Property	:	61 Tuas South Avenue 1 Singapore 637554
Legal Description	:	Lot 3307L Mukim 7.
Site Area	:	13,970.7 sq.m.
Allowable Gross Floor Area	:	34,926.75 sq.m.
Tenure	:	60 years leasehold commencing from 24 October 2000.
Registered Proprietor	:	Tiong Seng Contractors (Private) Limited.
Master Plan Zoning (2008 Edition)	:	Business 2 at a gross plot ratio of up to 2.5.
Brief Description	:	The subject property comprises a plot of land for industrial development.
Open Market Value as at 30 November 2009	:	**S$17,000,000/-** **(Singapore Dollars Seventeen Million).**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

Date : 30 November 2009
Our Ref : NC:CL:rs:0909034

DTZ

VALUATION SUMMARY

Property	:	89 Short Street #09-02 Golden Wall Centre Singapore 188216
Legal Description	:	Lot U1277X Town Subdivision 12
Strata Floor Area	:	62.0 sq.m
Tenure	:	Freehold.
Registered Proprietor	:	Tiong Seng Contractors (Pte) Ltd.
Master Plan Zoning (2008 Edition)	:	Commercial
Brief Description	:	Golden Wall Centre is a 10-storey commercial development comprising retail and offices. Retail shops are located from 1st to 4th storeys; whilst offices/stores are located in the car parking area on the 3rd to 6th storeys. Office units are located on the 8th to 10th storeys. In addition, carparking facilities are available at the 3rd to 6th storeys. Vertical movement within the subject development is facilitated by two lifts and two sets of staircases. The 1st to 4th storeys are also served by two sets of escalators. Fire protection system includes fire alarm system, heat/smoke detectors, fire sprinklers, hosereels and fire extinguishers. The subject property comprises an office unit located on the 9th storey.
Open Market Value as at 30 November 2009	:	**S$540,000/- (Singapore Dollars Five Hundred And Forty Thousand).**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

Date : 30 November 2009
Our Ref : NC:CL:rs:0909035

DTZ

VALUATION SUMMARY

Property	:	5 Mount Emily Road #08-03 Parc Emily Singapore 228490
Legal Description	:	Lot U1889L Town Subdivision 19
Strata Floor Area	:	51.0 sq.m
Tenure	:	Freehold.
Registered Proprietor	:	Pek Lian Guan.
Master Plan Zoning (2008 Edition)	:	Residential
Brief Description	:	Parc Emily comprises a total of 295 apartments/duplex of various designs and layouts with sizes ranging from 51 sq.m. to 183 sq.m., housed in five 8-storey blocks. Vertical access to the upper floors is facilitated by means of lifts and staircases. Facilities provided include a lap pool, jacuzzi spa, courtyard garden, children's pool, lily pond, interactive pool, reflective pond, entrance water feature, strolling path, seating alcove, children's playground, exercise area, fountain walk, sun deck, BBQ areas, tennis court, sculpture walk, entrance plaza, clubhouse with function room, gymnasium, billiards room, karaoke room, management office, male and female steambaths/changing rooms and handicapped toilet. In addition, basement carparking lots and audio intercom system are provided within the development. The subject property comprises a 1-bedroom apartment located on the 8th storey of an 8-storey block within the subject development.
Open Market Value as at 30 November 2009	:	**S$780,000/- (Singapore Dollars Seven Hundred And Eighty Thousand).**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

Date : 30 November 2009
Our Ref : NC:CL:rs:0909036

DTZ

VALUATION SUMMARY

Property	:	17 Evelyn Road #21-08 Residences @ Evelyn Singapore 309306
Legal Description	:	Lot U3006T Town Subdivision 28
Strata Floor Area	:	103.0 sq.m
Tenure	:	Freehold.
Registered Proprietor	:	Pay Teow Heng.
Master Plan Zoning (2008 Edition)	:	Residential
Brief Description	:	Residences @ Evelyn comprises 204 apartments and 4 penthouses of various designs and layouts with sizes ranging from 96 sq.m. to 209 sq.m. and 192 sq.m. to 322 sq.m. respectively, housed in two 33-storey blocks. Vertical access is by means of lifts and staircases. Facilities provided within the development include a main pool with children's pool and jacuzzi, 50m lap pool, fitness stations, BBQ pits & arbor, pavilion, tennis courts, basketball halfcourt, children's playground, pool deck, water features, belvedere, fountain garden, clubhouse with multi-purpose hall, changing rooms, gymnasium and games room. In addition, basement/surface carparking lots are also provided within the development. Each apartment is equipped with a telephony audio system. The subject property comprises a 2-bedroom apartment located on the 21st storey of a 33-storey block within the subject development.
Open Market Value as at 30 November 2009	:	**S$1,750,000/-** **(Singapore Dollars One Million Seven Hundred And Fifty Thousand).**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

Date : 30 November 2009
Our Ref : NC:CL:rs:0909037

DTZ 戴德梁行

Valuation & Advisory Services

Tiong Seng Contractors (Pte) Limited

Portfolio Valuation

Nov 2009

Valuation Report No. F09-000756

DTZ 戴德梁行

Valuation Report No.	:	F09-000756
Our Ref	:	KFC/WKC/KHC/kc
Date	:	30 November 2009

The Directors
Tiong Seng Contractors (Pte) Limited
510 Thomson Road #08-00 SLF Building
Singapore 298135

Dear Sirs,

Re: Portfolio Valuation

Instructions, Purpose & Date of Valuation

In accordance with the instructions of Tiong Seng Contractors (Pte) Limited (the "Company") for us to value the properties (as more particularly described in the attached valuation certificates) held by the Company and/or its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 30 November 2009 (the "date of valuation").

Definition of Market Value

Our valuation of each of the properties represents its Market Value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Valuation Bases & Assumptions

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

We have relied on the information given by the Group regarding the title of the properties and the interests of the properties. The status of title and grants of major approvals and licences, in accordance with the information provided by the Group, are set out in the notes in the valuation certificates.

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Portfolio Valuation | **Date of Valuation 30 November 2009**

In undertaking our valuation of the properties which are situated in the PRC, we have, unless otherwise stated, valued them on the bases that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the grantees or the users of the respective properties have free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Method of Valuation

In valuing the property interests in Groups I, II and III which are completed and held for investment, held for sale and held and occupied by the Group in the PRC respectively, we have valued each of these properties by direct comparison approach assuming sale of each of these properties in its existing state and by making reference to comparable sales transactions as available in the relevant market or where appropriate, by capitalisation of the net rental income derived from the existing tenancy agreements and made allowance for reversionary income potential of the property.

In valuing the property interests in Groups IV and V which are held under development and held for future development respectively by the Group in the PRC, we have valued them on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approval or statutory notices, easements, tenure, identification of properties, dates of completion, particulars of occupancy, development schemes, construction costs, site and floor areas and all other relevant matters.

DTZ 戴德梁行

Portfolio Valuation | **Date of Valuation 30 November 2009**

Dimension, measurements and areas included in the valuation certificates attached are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation We have been provided with copies of documents in relation to the titles to the respective properties. However, we have not been able to carry out searches to verify the ownership of the properties or to ascertain any amendment which may not appear on the copies supplied to us.

Site Inspection We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out detailed on-site measurement to verify the site areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of valuations and our valuation certificates for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K. F. Chan
China Real Estate Appraiser
R.P.S. (GP), MSc, M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 22 years of experience in the valuation of properties in the PRC and Hong Kong.

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

SUMMARY OF VALUATIONS

	Property Interest	Capital value in existing state as at 30 November 2009
	Group I – Property interests held by the Group for investment in the PRC	
1.	Various commercial units in Basement 1 and 1/F to 3/F of Wenchang Baihui Building, No.18 Yuxian Road, Yangzhou City, Jiangsu Province, the PRC	RMB115,000,000
	Group II – Property interests held by the Group for sale in the PRC	
2.	Commercial Unit Nos. 11, 18 and 22, No. 806 Jianlin Road, High New Technical Industrial Zone, Suzhou, Jiangsu Province, the PRC	RMB4,000,000
3.	Unsold portion of Haihe Jinwan Apartment, junction of Jianguo Road and Beian Road, Hebei District, Tianjin, the PRC	RMB156,000,000

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

Property Interest	Capital value in existing state as at 30 November 2009
Group III – Property interests held and occupied by the Group in the PRC	
4. 5th Floor, Office Tower, Huisheng Garden, No.78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	RMB3,100,000
5. Unit 1104 on 11th Floor, Block 1 of Huisheng Garden, No. 78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	RMB1,260,000
6. Unit 1503 on 15th Floor, Block 1 of Huisheng Garden, No. 78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	RMB1,300,000

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Portfolio Valuation	Date of Valuation 30 November 2009

	Property Interest	Capital value in existing state as at 30 November 2009
	Group IV – Property interests held by the Group under development in the PRC	
7.	The proposed development of Zizhulin Commercial Street, junction of Chifeng Road and Zhangzizhong Road, Heping District, Tianjin, the PRC	RMB115,000,000 (Note 1)
8.	A proposed development known as Sunshine Life, east of Fuyang Avenue, Yunhe District, Cangzhou, Hebei Province, the PRC	RMB147,000,000 (Note 2)
	Group V – Property interests held by the Group for future development in the PRC	
9.	A site situated on the north side of Gangtang Road and east of Gangxi Road, Guangang Forest Park, Dagang District, Tianjin, the PRC	RMB460,000,000 (Note 3)
	Grand total :	**RMB1,002,660,000**

Notes:

1. We have been advised by the Group that application for the State-owned Land Use Rights Certificate of the property is in progress. However, we have valued the property on the assumptions that valid State-owned Land Use Rights Certificates of the property had been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development had been fully settled.

2. We have been advised by the Group that application for part of the State-owned Land Use Rights Certificates of the property, with a site area of approximately 7,619.49 sq.m. out of the total site area of 50,669.09 sq.m., is in progress. However, we have valued the property on the assumptions that all of the valid State-owned Land Use Rights Certificates of the property had been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development had been fully settled.

3. We have been advised by the Group that application for the State-owned Land Use Rights Certificate of the property is in progress. However, we have valued the property on the assumptions that valid State-owned Land Use Rights Certificates of the property had been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development had been fully settled.

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Portfolio Valuation | Date of Valuation 30 November 2009

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in the PRC

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
1.	Various commercial units in Basement 1 and 1/F to 3/F of Wenchang Baihui Building, No.18 Yuxian Road, Yangzhou City, Jiangsu Province, the PRC	Wenchang Baihui Building is a 4-storey commercial development comprising a total gross floor area of approximately 29,191.16 sq.m. completed in 2006. The property comprises the unsold portion of Wenchang Baihui Building with a total gross floor area of approximately 15,406.25 sq.m. for commercial use. The land use rights of the property have been granted to the Group for a term due to expire on 14 October 2041 for commercial use.	Various units of the property, comprising a total gross floor area of approximately 7,995 sq.m. are subject to various terms of tenancies at total monthly rental of approximately RMB242,000, exclusive of management fees, with the latest tenancy due to expire on 31 December 2014. The remainder of the property is vacant.	RMB115,000,000

Notes:-

1. According to Certificate for the Use of State-owned Land No. (2006) 0392 issued by Yangzhou Land Resources Bureau on 4 August 2006, the land use rights of the subject land, comprising a total site area of 17,988.8 sq.m., have been granted to Jiangsu Huiyang Real Estate Development Co., Ltd. for a term 40 years expiring on 14 October 2041 for commercial use.

2. According to Grant Contract of Land Use Rights Nos. (2001) 39 and (2004) 11 entered into between Yangzhou Land Resources Bureau (Party A) and Yangzhou Urban Development (Group) Co., Ltd. (Party B) on 13 Oct 2001 and 26 March 2004 respectively, Party A has agreed to grant the land use rights of the subject land to Party B for a term of 40 years for commercial use:

Certificate No.	Site Area sq.m.	Land Use	Land Use Term	Plot Ratio	Land Premium RMB
(2001) 39	5,385	Commercial	40 Years	2.228	5,977,350
(2004) 11	13,728	Commercial	40 Years	1.2	16,624,608
Total:	**19,113**				**22,601,958**

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Portfolio Valuation

Date of Valuation
30 November 2009

3. According to Certification for Completion of Construction Works No. (2006) 045 issued by Yangzhou Construction Administration Bureau on 15 June 2006, the property was completed in 28 April 2006 with a total gross floor area of 21,108 sq.m. aboveground and 11,114 sq.m. underground.

4. According to Pre-sale Permits No. 896 issued by Yangzhou Real Estate Administration Bureau on 12 May 2005, Jiangsu Huiyang Real Estate Development Co., Ltd. has been permitted to pre-sale a gross floor area of 29,585.12 sq.m. of the subject development.

5. According to Business Licence No. 321000000005344 dated on 9 April 2008, Jiangsu Huiyang Real Estate Development Co., Ltd. was established as a limited liability company with a registered capital of RMB50,000,000 (paid-up capital of RMB50,000,000) for a valid operation period from 13 August 2003 to 12 August 2013.

6. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of Jiangsu Huiyang Real Estate Development Co., Ltd. under Certificate for the Use of State-owned Land No. (2006) 0392 for a land use term of 40 years expiring on 14 October 2041 for commercial use;

   (ii) The land premium of the property has been fully settled;

   (iii) Jiangsu Huiyang Real Estate Development Co., Ltd. has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

7. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land Use Rights	Yes
Certification for Completion of Construction Works	Yes
Pre-sale Permit	Yes
Business Licence	Yes

Valuation Certificate No. : F09-000756 9/28

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Portfolio Valuation	Date of Valuation 30 November 2009

VALUATION CERTIFICATE

Group II – Property interests held by the Group for sale in the PRC

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
2.	Commercial Unit Nos. 11, 18 and 22, No. 806 Jianlin Road, High New Technical Industrial Zone, Suzhou, Jiangsu Province, the PRC	The property comprises three unsold retail units with a total gross area of approximately 548.39 sq.m.	The property is vacant.	RMB4,000,000

Floor	Gross Floor Area (sq.m.)
Ground Floor	122.76
Second Floor	213.41
Third Floor	212.76
Total	**548.93**

The land use rights of the property have been granted for a term due to expire on 29 June 2045 for commercial use.

Notes:-

1. According to 3 Certificates for the Use of State-owned Land Nos. SXGY(2008) 010001, 010002 and 010003 issued by Suzhou Municipal Peoples Government on 17 November 2008, the land use rights of the property, comprising a total site area of 135.30 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for a term due to expire on 29 June 2045 for commercial use.

2. According to 3 Building Ownership Certificates Nos. SFQZXQZ 00094311, 00094313 and 00094355 issued by Suzhou Municipal Buildings and Land Resources Bureau on 10 November 2008, the building ownership of the property, comprising a total gross area of 548.93 sq.m., have been vested in Suzhou Huisheng Construction Development Co., Ltd. for non-residential use.

3. According to Business Licence No. 3205121101183 dated on 21 October 2006, Suzhou Shengyang Construction Development Co., Ltd. was established as a limited liability company with a registered capital of RMB 15,000,000 (capital of RMB 15,000,000) for a valid operation period from 8 June 2005 to 7 June 2055.

4. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of Suzhou Huisheng Construction Development Co., Ltd. under Certificate for the Use of State-owned Land No. SXGY (2008) 010001, 010002, 010003 for land use term due to expire on 29 June 2045 for commercial use;

   (ii) The land premium of the property has been fully settled;

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

(iii) Suzhou Huisheng Construction Development Co., Ltd. has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

(iv) The property is not subject to any mortgage.

5. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land Use Rights	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

VALUATION CERTIFICATE

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
3.	Unsold portion of Haihe Jinwan Apartment, junction of Jianguo Road and Beian Road, Hebei District, Tianjin, the PRC	Haihe Jinwan Apartment is a retail/ residential development comprising a total site area of approximately 6,943.70 sq.m. which was completed in September 2009. The property comprises the unsold portions of a block of 28-storey composite building in Haihe Jinwan Apartment with the following aboveground gross floor area: **Use** / **Approximate Gross floor area (sq.m.)** Retail 11,377.41 Residential 641.00 **Total** **12,018.41** The property is held with the land use rights for terms of 70 years for residential use, 40 years for commercial use both commencing from 25 March 2007.	The property is vacant.	RMB156,000,000

Notes :-

1. According to the Certificate of Real-Estate Ownership, the land use rights and the ownership of the property have been granted to 天津市天门金湾置业有限公司 with details as follows:-

Certificate No.	Location	Land Use	Owner	Site Area (sq.m.)
070200000073	Junction of Jianguo Road and Bei'an Road, Hebei District, Tianjin	Residential and Commercial	天津市天门金湾置业有限公司	6,943.70

DTZ 戴德梁行

Portfolio Valuation | **Date of Valuation 30 November 2009**

2. According to Grant Contract of State-owned Land Use Rights No. CR2007091 dated 26 March 2007, Tianjin Land Resources and Housing Management Bureau (天津市国土资源和房屋管理局) has agreed to grant the land use rights of the property comprising a site area of 6,943.70 sq.m. to 天津市天门金湾置业有限公司 with details as follows:

(i)	Location	:	Junction of Jianguo Road and Shengli Road, Hebei District
(ii)	Site area	:	1,524.10 sq.m. (Commercial use) 5,419.60 sq.m. (Residential use) 6,943.70 sq.m. (Total)
(iii)	Uses	:	Commercial and Residential use
(iv)	Gross floor area(GFA) above ground	:	65,984.60 sq.m.
(v)	Land use term	:	Residential: from 26 March 2007 to 25 March 2077 Commercial: from 26 March 2007 to 25 March 2047
(vi)	Land Premium	:	RMB7,093,345

3. According to Planning Permit for Construction Use of Land No. 2007 Haihe Di Zheng 0061 issued by Tianjin Planning Bureau on 8 May 2007, the construction site of a parcel of land with site area of 10,604 sq.m. was in compliance with the urban planning requirements.

4. According to Planning Permit of Constructions Works No. 2007 Haihe Jian Zheng 0010 issued by Tianjin Planning Bureau on 21 June 2007, the details are summarized as follows:

(i)	Construction Party	:	天津市天门金湾置业有限公司
(ii)	Construction Project	:	新金湾大厦 (New Jinwan Building)
(iii)	Location	:	河北区北安道 (Bei'an Road, Hebei District)
(iv)	Gross floor area	:	74,385.60 sq.m. (of which GFA of aboveground is 65,984.60 sq.m. and GFA of underground is 8,401.00 sq.m.)
(v)	No. of Storeys	:	28
(vi)	Construction Density	:	57.1%
(vii)	Greenery ratio	:	18%
(viii)	Number of car park	:	94

5. According to Permit for Commencement of Construction Works No. 1210530200708326 issued by Management Committee of Tianjin Municipal's Construction (天津市建设管理委员会) on 24 August 2007, the construction works situated at Bei'an Road in Hebei District with a total gross floor area of 65,984.60 sq.m. was in compliance with the requirements for works commencement and were permitted.

6. According to the Completion and Acceptance of Construction Works Certificates issued by Management Committee of Tianjin Municipal's Construction (天津市建设管理委员会) on 10 September 2009, the property with a total gross floor area of 74,385.60 sq.m. were completed and accepted.

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Portfolio Valuation | **Date of Valuation 30 November 2009**

7. According to Business Licence No. 120105000002467, 天津市天门金湾置业有限公司 was established on 8 May 2005 as a limited company with a registered capital of RMB10,000,000 for an operating period from 8 May 2005 to 7 May 2030.
8. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of 天津市天门金湾置业有限公司 under Certificate of Real-Estate Ownership No. 070200000073 for land use terms of 70 years for residential use, 40 years for commercial use both commencing from 25 March 2007;

   (ii) The land premium of the property has been fully settled;

   (iii) 天津市天门金湾置业有限公司 has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

9. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Real-Estate Title Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Completion and Acceptance of Construction Works Certificates	Yes
Business Licences	Yes

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

VALUATION CERTIFICATE

Group III – Property interests held and occupied by the Group in the PRC

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
4.	5th Floor, Office Tower, Huisheng Garden, No.78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Huisheng Garden is an office/ residential composite development completed in 2004. The property comprises the 5th floor of a 5-storey office building in Huisheng Garden, with a gross area of approximately 386.26 sq.m. The land use rights of the property have been granted for a term due to expire on 7 November 2065 for composite residential use.	The property is occupied by the Group for office use.	RMB3,100,000

Notes:-

1. According to Certificates for the Use of State-owned Land No. WGY(2005) 02845 issued by Suzhou Municipal Peoples Government on 20 April 2005, the land use rights of the property, comprising a total site area of 94.1 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for a term due to expire on 7 November 2065 for composite residential use.

2. According to Building Ownership Certificate No. SFQZWZZD 00044630 issued by Suzhou Municipal Buildings and Land Resources Bureau on 30 February 2004, the building ownership of the property, comprising a total gross area of 386.26 sq.m., have been vested in Suzhou Huisheng Construction Development Co., Ltd. for non-residential use.

3. According to Business Licence No. QDSSZFZD004741 dated on 11 November 2005, Suzhou Huisheng Construction Development Co., Ltd. was established as a limited liability company with a registered capital of USD6,000,000 (paid-up capital of USD6,000,000) for a valid operation period from 6 July 1994 to 5 July 2034.

4. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of Suzhou Huisheng Construction Development Co., Ltd. under Certificate for the Use of State-owned Land No. WGY (2005) 02845 for a land use term due to expire on 7 November 2065 for composite residential use;

   (ii) The land premium of the property has been fully settled;

   (iii) Suzhou Huisheng Construction Development Co., Ltd. has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

5. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

VALUATION CERTIFICATE

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
5.	Unit 1104 on 11th Floor, Block 1 of Huisheng Garden, No. 78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Huisheng Garden is an office/ residential composite development completed in 2004. The property comprises a residential unit on the 11th floor of an 18-storey residential building in Huisheng Garden, with a gross area of approximately 170.65 sq.m. The land use rights of the property have been granted for a term due to expire on 7 November 2065 for residential use.	The property is occupied by the Group as staff quarters.	RMB1,260,000

Notes:-

1. According to Certificates for the Use of State-owned Land No. WGY(2008) 03190 issued by Suzhou Municipal Peoples Government on 13 March 2008, the land use rights of the property, comprising a total site area of 13.7 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for a term due to expire on 7 November 2065 for residential use.

2. According to Building Ownership Certificate No. SFQZWZZD 00090131 issued by Suzhou Municipal Buildings and Land Resources Bureau on 20 February 2008, the building ownership of the property, comprising a total gross area of 170.65 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for residential use.

3. According to Business Licence No. QDSSZFZD004741 dated on 11 November 2005, Suzhou Huisheng Construction Development Co., Ltd. was established as a limited liability company with a registered capital of USD6,000,000 (paid-up capital of USD6,000,000) for a valid operation period from 6 July 1994 to 5 July 2034.

4. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of Suzhou Huisheng Construction Development Co., Ltd. under Certificate for the Use of State-owned Land No. WGY(2008) 03190 for a land use term due to expire on 7 November 2065 for residential use;

   (ii) The land premium of the property has been fully settled;

   (iii) Suzhou Huisheng Construction Development Co., Ltd. has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

5. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation | **Date of Valuation 30 November 2009**

VALUATION CERTIFICATE

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
6.	Unit 1503 on 15th Floor, Block 1 of Huisheng Garden, No. 78 North Dongwu Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Huisheng Garden is an office/ residential mixed development completed in 2004. The property comprises a residential unit on the 15th floor of an 18-storey residential building in Huisheng Garden, with a total gross area of approximately 170.87 sq.m. The land use rights of the property have been granted for a term due to expire on 7 November 2065 for residential use.	The property is occupied by the Group as staff quarters.	RMB1,300,000

Notes:-

1. According to Certificates for the Use of State-owned Land No. WGY(2008) 03189 issued by Suzhou Municipal Peoples Government on 13 March 2008, the land use rights of the property, comprising a total site area of 13.7 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for a term due to expire on 7 November 2065 for residential use.

2. According to Building Ownership Certificate No. SFQZWZZD 00090132 issued by Suzhou Municipal Buildings and Land Resources Bureau on 20 February 2008, the building ownership of the property, comprising a total gross area of 170.87 sq.m., have been granted to Suzhou Huisheng Construction Development Co., Ltd. for residential use.

3. According to Business Licence No. QDSSZFZD004741 dated on 11 November 2005, Suzhou Huisheng Construction Development Co., Ltd. was established as a limited liability company with a registered capital of USD6,000,000 (paid-up capital of USD6,000,000) for a valid operation period from 6 July 1994 to 5 July 2034.

4. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of Suzhou Huisheng Construction Development Co., Ltd. under Certificate for the Use of State-owned Land No. WGY(2008) 03189 for a land use term due to expire on 7 November 2065 for residential use;

   (ii) The land premium of the property has been fully settled;

   (iii) Suzhou Huisheng Construction Development Co., Ltd. has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

5. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

VALUATION CERTIFICATE

Group IV – Property interests held by the Group under development in the PRC

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
7.	The proposed development of Zizhulin Commercial Street, junction of Chifeng Road and Zhangzizhong Road, Heping District, Tianjin, the PRC	The property comprises a land with a site area of approximately 7,947.60 sq.m. The property is proposed to be developed into a commercial development with a total gross floor area of approximately 12,000.00 sq.m. as follows: Use / Approximate Gross floor area (sq.m.) New Construction 6,590.60 Renovation 5,409.40 Total 12,000.00 The property is scheduled to be completed in July 2011. The property is to be held for commercial and public construction use for a term of 50 years from the date of obtaining the Land Use Right Certificate.	Five existing buildings are occupied as Zizhulin Barracks whilst the remaining portion of the property comprises a vacant land.	RMB115,000,000 (see Note 1 below)

Notes:-

1. We have been advised by the Group that application for the State-owned Land Use Rights Certificate of the property is in progress. However, we have valued the property on the assumptions that valid State-owned Land Use Rights Certificates of the property had been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development had been fully settled.

2. In our valuation, we have assumed that the existing buildings under preservation, with total floor area of approximately 5,409.40 sq.m., can be used for retail uses.

3. According to Grant Contract of State-owned Land Use Rights dated 27 August 2004, Tianjin Land Resources and Housing Management Bureau (天津市国土资源和房屋管理局) has agreed to grant the land use rights of the property comprising a site area of 7,947.60 sq.m. to 天津海贸物业发展有限公司 with the details as follows:

DTZ 戴德梁行

Portfolio Valuation | Date of Valuation 30 November 2009

(i)	Location	:	Junction of Chifeng Road and Zhangzizhong Road, Heping District
(ii)	Site area	:	7,947.60 sq.m.
(iii)	Uses	:	Commercial and Public Construction
(iv)	Gross floor area	:	12,000.00 sq.m.
(v)	Plot ratio	:	1.51
(vi)	Construction Density	:	60%
(vii)	Greenery ratio	:	10%
(viii)	Land use term Land Use Rights Certificate	:	50 years from the issued date of the State-owned
(ix)	Land Premium	:	RMB54,139,051

4. According to Transfer Contract of Land Use Rights entered into among Tianjin Land Resources and Housing Management Bureau (天津市国土资源和房屋管理局) (Party A), 天津海贸物业发展有限公司 (Party B) and Tianjin Zizhulin Development Co., Ltd. (天津紫竹林置业发展有限公司) (Party C) on 27 April 2006, Party B has transferred the land use rights of the property comprising a site area of 7,947.60 sq.m. to Party C.

5. According to Business Licence No.120000400027651, Tianjin Zizhulin Development Co., Ltd. (天津紫竹林置业发展有限公司) was established on 12 December 2003 as a limited company with a registered capital of US Dollar 5,000,000 for an operating period from 12 December 2003 to 9 December 2053. The scope of business comprises real estate development, sale, leasing and property management.

6. We have prepared our valuation on the following assumptions:-

   (i) The Grant Contract of State-owned Land Use Rights is valid, legal and enforceable under the PRC laws;

   (ii) The land premium of the property has been fully settled; and

   (iii) Tianjin Zizhulin Development Co., Ltd. (天津紫竹林置业发展有限公司) is in the progress of obtaining the State-owned Land Use Rights Certificate of the property. There should be no material legal obstacle for Tianjin Zizhulin Development Co., Ltd. (天津紫竹林置业发展有限公司) to obtain such Certificate.

7. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	No
Grant Contract of State-owned Land Use Rights	Yes
Transfer Contract of Land Use Rights	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation | Date of Valuation 30 November 2009

VALUATION CERTIFICATE

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
8.	A proposed development known as Sunshine Life, east of Fuyang Avenue, Yunhe District, Cangzhou, Hebei Province, the PRC	The property comprises two parcels of adjoining bare land with a total site area of approximately 50,669.09 sq.m. A proposed residential /commercial development is planned to be developed on the land with a total gross floor area of approximately 186,864.52 sq.m. with details as follows:	Four residential buildings and an eye hospital are pending for demolition. The remaining portion of the property is under construction.	RMB147,000,000 (see Note 1 below)

Use	Approximate Gross floor area (sq. m.)
Commercial	18,023.66
Residential	144,634.41
Eye Hospital	6,691.71
Ancillaries	10,471.76
Storerooms	3,995.90
Car Parking	9,738.79
Total	193,556.23

Construction works of the development will be completed in July 2014.

A parcel of land of the property with a site area of 43,049.60 sq.m. is held under the land use rights for terms of 70 years for residential use and 40 years for commercial use respectively, from 16 August 2006.

The State-owned Land Use Rights Certificate for another parcel of land of the property, with a site area of 7,619.49 sq.m., has not been obtained yet. According to the land grant contract, it is expected that its land use terms will be granted for 70 years for residential use and 40 years for commercial use respectively, from 27 February 2008 (see Note 1 below).

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

Notes:-

1. As advised by the Group, the floor area need to be reverted to the original residents of the land and the amount of the resettlement cost had not been confirmed as at the date of valuation. The valuation above has been made on the assumption that all the resettlement had been fully settled and it reflects the 100% interest in the total developable gross floor area of the property.

   As at the date of valuation, application for the State-owned Land Use Rights Certificate of the property, with a site area of approximately 7,619.49 sq.m. out of the total site area of 50,669.09 sq.m., is in progress. However, we have valued the property on the assumptions that all of the valid State-owned Land Use Rights Certificates of the property had been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development had been fully settled.

2. According to State-owned Land Use Rights Certificate No. (2006) 00846, the land use rights of a parcel of land with a site area of 43,777.00 sq.m. have been granted to 沧州市华世房地产开发有限公司 for a term of 70 years expiring on 15 August 2076 for residential use, 40 years expiring on 15 August 2046 for commercial uses.

3. According to Grant Contract of State-owned Land Use Rights dated 11 July 2006, Heibei Province Land Resources Bureau (河北省国土资源厅) has agreed to grant the land use rights of the property, comprising a site area of 43,777.00 sq.m., to 沧州市华世房地产开发有限公司 with the details as follows:

(i)	Location	:	East of Fuyang Avenue, Yunhe District, Cangzhou, Hebei Province
(ii)	Site area	:	43,777.00 sq.m.
(iii)	Uses	:	Commercial and Residential
(iv)	Land use term	:	70 years for residential and 40 years for commercial use, both from 30 September 2006
(v)	Land Premium	:	RMB92,000,000

4. According to Grant Contract of State-owned Land Use Rights dated 8 January 2008, Heibei Province Land Resources Bureau (河北省国土资源厅) has agreed to grant the land use rights of the property comprising a site area of 7,619.49 sq.m. to 沧州市华世房地产开发有限公司 with the details as follows:

(i)	Location	:	North of Guangrong Road, Yunhe District, Cangzhou, Hebei Province
(ii)	Site area	:	7,619.49 sq.m.
(iii)	Uses	:	Commercial and Residential
(iv)	Land use term	:	70 years for residential and 40 years for commercial use, both from 27 February 2008
(v)	Land Premium	:	RMB6,000,000

5. According to the supplementary agreement to the above contract, the grantee of the land should be responsible for the resettlement compensation and other related costs. The amount of such compensation and costs had not been confirmed at the date of valuation therefore we assumed all such cost had been fully settled.

6. According to Planning Permit for Construction Use of Land No. 130903200800004 issued by Cangzhou Planning Bureau on 8 April 2008, the construction site of a parcel of land with site area of 76.025 mu and a gross floor area of 168,100 sq.m. is in compliance with the urban planning requirements.

7. According to Planning Permits for Construction Works issued on 16 September 2008, the construction works of the property, with a total gross floor area of 59,355.00 sq.m., is in compliance with the construction works requirements and have been approved.

8. According to 2 Permits for Commencement of Construction Works issued on 15 April 2009, the construction works of the property with a total gross floor area of 59,354.96 sq.m., are in compliance with the requirements for works commencement and have been permitted.

9. According to 4 Commodity Housing Pre-sale Permits, the property with a total gross floor area of 51,740.06 sq.m. are permitted for per-sale, details area as follows:-

Certificate No.	Date of issue	Building	Use	Gross Floor Area (sq.m.)
2009-060	14 July 2009	Block 4, Sunshine Life	Residential	11,122.28
2009-061	14 July 2009	Block 7, Sunshine Life	Residential / Commercial	Commercial: 2,671.34 Residential: 18,160.03
2009-062	14 July 2009	Block 8, Sunshine Life	Residential / Commercial	Commercial: 2,298.57 Residential: 13,394.32
2009-063	14 July 2009	Commercial Building	Residential	4,093.52
			Total	**51,740.06**

10. According to Business Licence No.130903000003328, 沧州市华世房地产开发有限公司 was established on 23 June 2005 as a limited company with a registered capital of RMB50,000,000 for an operating period from 23 June 2005 to 22 June 2025. The scope of business comprises real estate development and property management.

11. We have prepared our valuation on the following assumptions:-

   (i) The property is held in the name of 沧州市华世房地产开发有限公司 under State-owned Land Use Rights Certificate No. (2006) 00846 for land use terms of 70 years expiring on 15 August 2076 for residential use, 40 years expiring on 15 August 2046 for commercial uses;

   (ii) The land premium of the property has been fully settled;

   (iii) 沧州市华世房地产开发有限公司 has the right to freely occupy, use, lease, transfer, mortgage and dispose of the property at no extra land premium of other onerous payment payable to the government; and

   (iv) The property is not subject to any mortgage.

戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

12. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Commodity Housing Pre-sale Permits	Yes
Business Licence	Yes

DTZ 戴德梁行

Portfolio Valuation

Date of Valuation
30 November 2009

VALUATION CERTIFICATE

Group V – Property interests held by the Group for future development in the PRC

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 November 2009
9.	A site situated on the north side of Gangtang Road and east of Gangxi Road, Guangang Forest Park, Dagang District, Tianjin, the PRC	The property comprises a land with a total site area of approximately 325,422.30 sq.m. A proposed villa /commercial development is planned to be developed on the land with a total gross floor area of approximately 166,711.00 sq.m. with details as follows:	Several existing villa buildings are pending for demolition. The remaining portion of the property is vacant and pending for development.	RMB460,000,000 (see Note 1 below)

Use	Approximate Gross floor area (sq. m.)
Villa	56,948.85
Town House	105,762.15
Commercial	4,000.00
Total	**166,711.00**

Construction works of the development will be completed in May 2013.

The property is held with the land use rights for a term of 70 years due to expire on 9 April 2076 for hotel, commercial, and residential use.

Notes:-

1. We have been advised by the Group that application for the State-owned Land Use Rights Certificate of the property is in progress. However, we have valued the property on the assumptions that valid State-owned Land Use Rights Certificates of the property have been issued to the property, and all the land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

2. According to Transfer Agreement of Land Use Rights entered into between Tianjin Danggang Real Estate Development Company (天津市大港房地产开发公司) (Party A) and Tianjin Zizhulin Chuangzhan Investment Co., Ltd. (天津紫竹林创展投资有限公司) (Party B) on 18 March 2008, Party A has transferred the land use rights of the property, comprising a site area of 325,422.30 sq.m., to Party B.

DTZ 戴德梁行

Portfolio Valuation	Date of Valuation 30 November 2009

3. According to Business Licence No.120109000017827, Tianjin Zizhulin Nanxi Investment Co., Ltd. (天津紫竹林南希投资有限公司) was established on 12 May 2008 as a limited company with a registered capital of US Dollar 114,900,000 for an operating period from 12 May 2008 to 11 May 2028. The scope of business comprises real estate investment.

4. As advised by the Group, Tianjin Zizhulin Nanxi Investment Co., Ltd. (天津紫竹林南希投资有限公司) was holding by Tianjin Zizhulin Investment Co., Ltd. (天津紫竹林创展投资有限公司) and Tianjain Nanxi Group Co., Ltd. (天津南希实业集团有限公司) with the shareholding ratio of 90.2% and 9.8% respectively.

5. We have prepared our valuation on the following assumptions:-

   (i) The Transfer Contract of Land Use Rights is valid, legal and enforceable under the PRC laws;

   (ii) The land premium of the property has been fully settled; and

   (iii) Tianjin Zizhulin Nanxi Investment Co., Ltd. (天津紫竹林南希投资有限公司) is in the progress of obtaining the State-owned Land Use Rights Certificate of the property. There should be no material legal obstacle for Tianjin Zizhulin Nanxi Investment Co., Ltd. (天津紫竹林南希投资有限公司) to obtain such Certificate.

6. In accordance with the information provided by the Company, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	No
Transfer Agreement of Land Use Rights	Yes
Business Licence	Yes

DTZ

Our Ref: NC:rl:3.459:0909038

30 November 2009

Tiong Seng Contractors (Pte) Ltd
510 Thomson Road #08-00
SLF Building
Singapore 298135

Attn: The Directors

Dear Sirs

RE : VALUATION OF VARIOUS PROPERTIES LOCATED IN PAPUA NEW GUINEA
1) LOTS 54 & 55 SECTION 3, CITY OF LAE
2) LOTS 4 & 5 SECTION 29, CITY OF LAE
3) LOTS 6, 7 & 8 SECTION 29, CITY OF LAE
4) LOT 10 & 11 SECTION 164, CITY OF LAE
5) LOT 13 SECTION 164, CITY OF LAE
6) LOT 13 SECTION 21, WEST GOROKA

We refer to your recent instruction to undertake a valuation of the above-mentioned "(the subject properties)" to determine the current open market value of the subject properties for the purpose of Initial Public Offering (IPO).

The term "Open Market Value" as used herein is intended to mean "the highest value at which the sale interest in property might reasonably be expected to have been completed as at the date of valuation, assuming,

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, joint venture, sale and lease back or any similar arrangement which could serve to affect the value of the property.

.../Page 2

DTZ Debenham Tie Leung (SEA) Pte Ltd

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Singapore 189702
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Fax: +65 6292 1633/6298 9328
www.dtz.com/sg
ROC Registered No. 199501391G

DTZ

Tiong Seng Contractors (Pte) Ltd 30 November 2009

Our valuations have been arrived at using both the Income Approach and Cost Method.

A summary of our valuation together with a brief description of the properties is appended to this Valuation Certificate.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect value, other than those which have been indicated to us.

We confirm that we have made relevant searches and enquiries, and obtained the necessary information in order to render our opinion of value.

We were not instructed to carry out a structural survey of the buildings, or to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspection. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

Neither the whole of this Certificate, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our normal practice, we confirm that this Valuation Certificate is for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party.

DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc.(Est.Man.) MSISV
Appraiser's License No: AD041-2004055B

SARWONO,INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert),
Managing Partner
Public Valuer License No: 1.98.0001

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lots 54 & 55 Section 3 City of Lae Papua New Guinea
Site Area *	:	Approximately 2,517sq.m.
Floor Area **	:	Approximately 700 sq.m.
Tenure	:	99 years leasehold commencing 1 July 1949.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Residential Zone
Brief Description	:	The subject property is a 2-storey residential development comprising 7 townhouses located on the southern side of Twelve Street, approximately 500 m west of Coronation Drive. Each townhouse is about 100 sq.m. and has 3 bedrooms on the 2nd storey.
Open Market Value as at 30 November 2009	:	Kina 3,000,000/- (Kina Three Million).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

NC:rl:0909038

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lots 4 & 5 Section 29 City of Lae Papua New Guinea
Site Area *	:	Approximately 4,804 sq.m.
Floor Area **	:	Approximately 691 sq.m.
Tenure	:	99 years leasehold commencing 17 December 1964.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Light Industrial Zone.
Brief Description	:	The subject property is a 1-storey warehouse building located on the south-eastern side of Macdhui Road, approximately 200 m south of Lae Market and about 1 km from the Main Wharf.
Open Market Value as at 30 November 2009	:	Kina 1,600,000/- (Kina One Million And Six Hundred Thousand).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lots 6, 7 & 8 Section 29 City of Lae Papua New Guinea
Site Area *	:	Approximately 7,208 sq.m.
Floor Area **	:	Approximately 5,624 sq.m.
Tenure	:	99 years leasehold commencing 17 December 1964.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Light Industrial Zone
Brief Description	:	The subject property comprises two 1-storey industrial buildings on the subject site which is located on the south-eastern side of Macdhui Road, approximately 200 m south of Lae Market and 1 km from the Main Wharf.
Open Market Value as at 30 November 2009	:	Kina 6,000,000/- (Kina Six Million).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

NC:rl:0909038

Page 5/8

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lots 10 & 11 Section 164 City of Lae Papua New Guinea
Site Area *	:	Approximately 15,340 sq.m.
Floor Area **	:	Approximately 1,270 sq.m.
Tenure	:	99 years leasehold commencing 4 May 1972.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Light Industrial Zone
Brief Description	:	The subject comprises a 2-storey office cum residential building at the western portion of the site and a 1-storey warehouse building at the eastern portion of the site. It is located on the eastern side of Sirius Street in East Taraka.
Open Market Value as at 30 November 2009	:	Kina 1,900,000/- (Kina One Million And Nine Hundred Thousand).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

NC:rl:0909038 Page 6/8

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lot 13 Section 164 City of Lae Papua New Guinea
Site Area *	:	Approximately 3,629 sq.m.
Floor Area **	:	Approximately 895 sq.m.
Tenure	:	99 years leasehold commencing 4 May 1972.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Light Industrial Zone
Brief Description	:	The subject property is a 1-storey light industrial building used as a workshop. It is located on the eastern side of Scorpio Street, west of Independence Drive and is approximately 1 km west of PNG University of Technology (Unitech).
Open Market Value as at 30 November 2009	:	Kina 850,000/- (Kina Eight Hundred And Fifty Thousand).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

NC:rl:0909038 Page 7/8

DTZ

VALUATION SUMMARY

Property / Legal Description	:	Lot 13 Section 21 West Goroka Papua New Guinea
Site Area *	:	Approximately 1,715 sq.m.
Floor Area **	:	842 sq.m.
Tenure	:	99 years leasehold commencing 25 February 1963.
Registered Proprietor	:	Tiong Seng Contractors (PNG) Pty Ltd.
Town Planning *	:	Light Industrial Zone
Brief Description	:	The subject property is a 1-storey light industrial building used as warehouse cum office and a single-storey residential building used as staff dormitory. It is located on the eastern side of Lopi Street and northern side of Gafuka Street, in West Goroka.
Open Market Value as at 30 November 2009	:	Kina 900,000/- (Kina Nine Hundred Thousand).

* Provided by Tiong Seng Contractors (PNG) Pty Ltd.
** As measured on site.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

SARWONO INDRASTUTI & REKAN

Drs Sarwono FRICS, MAPPI (Cert.)
Managing Partner
Val.Licence No.:98.0001

ANNEX J — RULES OF TIONG SENG SHARE AWARD SCHEME

1. NAME OF THE PLAN

This Scheme shall be called the "Tiong Seng Share Award Scheme".

2. DEFINITIONS

2.1 In the Tiong Seng Share Award Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Adoption Date" : The date on which the Award Scheme is adopted by resolution of the Shareholders of the Company

"Articles" : The Articles of Association of the Company as amended or modified from time to time

"associate" :

(i) In relation to a Controlling Shareholder (being an individual), means:

(a) his/her spouse, child, adopted child, step-child, sibling and parent (his "immediate family");

(b) the trustees of any trust of which he/she or his/her immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(c) any company in which he/she and his/her immediate family together (directly or indirectly) have an interest of 30% or more; or

(ii) in relation to a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Auditors" : The auditors for the time being of the Company

"Award" : A contingent award of Shares granted under Rule 5

Award Letter" : A letter in such form as the Committee shall approve confirming an Award granted to a Award Participant by the Committee

"Award Participant" : Any eligible person selected by the Committee to participate in the Award Scheme in accordance with the rules thereof

"Award Scheme" : The Tiong Seng Share Award Scheme, as the same may be modified or altered from time to time

"Award Shares" : The new Shares which may be allotted and issued from time to time pursuant to the release of Awards granted under the Award Scheme

"Board"	:	The board of Directors for the time being of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Committee"	:	The Remuneration Committee of the Company
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	:	Tiong Seng Holdings Limited, a company incorporated in Singapore
"control"	:	the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the value of all voting shares in the Company; or (b) in fact exercises control over the Company,
"Date of Grant"	:	In relation to an Award, the date on which the Award is granted to an Award Participant
"Director"	:	A director for the time being of the Company
"Employee"	:	Any person who is a full-time employee of the Company or any of its Subsidiaries (including a Non-Executive Director)
"Group"	:	The Company and its Subsidiaries
"Listing Manual"	:	The Listing Manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Market Price"	:	The average of the dealt price for a Share as determined by reference to the last dealt prices of the Shares for the 3 consecutive Market Days immediately preceding the date on which the Award shall be vested
"Non-Executive Director"	:	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
"Performance-related Award"	:	An Award in relation to which a Performance Condition is specified
"Performance Condition"	:	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
"Performance Period"	:	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Date of Grant, during which the Performance Condition is to be satisfied

"Record Date"	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders of the Company must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
"Release"	:	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and "Released" shall be construed accordingly
"Released Award"	:	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
"Rules"	:	Rules of the Award Scheme and any reference to a particular Rule shall be construed accordingly
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
"Subsidiary"	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
"Vesting"	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "Vest" and "Vested" shall be construed accordingly
"Vesting Date"	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Award Participant) on which those Shares have Vested pursuant to Rule 7
"Vesting Period"	:	In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the Date of Grant
"S$"	:	Singapore dollars
"%" or "per cent."	:	Per centum or percentage

2.2 The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act or any statutory modification thereof, as the case may be. The term "Treasury Shares" shall have the meaning ascribed to it in Section 4 of the Companies Act.

2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.4 Any reference to a time of a day in the Award Scheme is a reference to Singapore time.

2.5 Any reference in the Award Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Award Scheme shall have the meaning assigned to it under the Companies Act.

3. OBJECTIVES OF THE AWARD SCHEME

3.1 The Award Scheme is a performance incentive scheme which will form an integral part of the Group's incentive compensation program.

The objectives of the Award Scheme are as follows:

(i) provide an opportunity for Award Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Award Participants towards the Group;

(ii) motivate Award Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(iii) give recognition to contributions made or to be made by Award Participants by introducing a variable component into their remuneration package; and

(iv) make employee remuneration sufficiently competitive to recruit new Award Participants and/or to retain existing Award Participants whose contributions are important to the long term growth and profitability of the Group.

4. ELIGIBILITY OF AWARD PARTICIPANTS

4.1 Any person shall be eligible to participate in the Award Scheme at the absolute discretion of the Committee if at the Date of Grant:

(a) he shall be:

(i) an Employee; or

(ii) a Non-Executive Director;

(b) he shall have attained the age of twenty-one (21) years; and

(c) he shall not be an undischarged bankrupt.

Persons who are Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the Award Scheme.

4.2 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 a Award Participant in accordance with the Award Scheme and the Vesting Period shall be determined at the absolute discretion of the Committee, which shall take into account,

(a) the financial performance of the Group;

(b) in respect of a Award Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and

(c) in respect of a Award Participant being a Non-Executive Director, criteria such as his contribution to the success and development of the Group.

In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

5. GRANT OF AWARDS

5.1 Subject as provided in Rule 8, the Committee may grant Awards to Employees as the Committee may select in its absolute discretion, at any time during the period when the Award Scheme is in force.

5.2 The Committee shall decide, in its absolute discretion, in relation to each Award:

(a) the Award Participant;

(b) the Date of Grant;

(c) the number of Shares which are the subject of the Award;

(d) the prescribed Vesting Period(s);

(e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and

(f) in the case of a Performance-related Award, the Performance Period and the Performance Condition,

PROVIDED FURTHER that any grant of an Award to Non-Executive Directors will be subject to and shall comply with the provisions of section 76 of the Companies Act.

5.3 The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:

(a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or

(b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:

(i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

(ii) the Performance Condition should be waived as the Award Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Award Participants of such change or waiver (but accidental omission to give notice to any Award Participant(s) shall not invalidate any such change or waiver).

5.4 As soon as reasonably practicable after making an Award, the Committee shall send to each Award Participant an Award Letter confirming the Award and specifying in relation to the Award:

(a) the Date of Grant;

(b) the number of Shares which are the subject of the Award;

(c) the prescribed Vesting Period(s);

(d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period;

(e) in the case of a Performance-related Award, the Performance Period and the Performance Condition; and

(f) any other condition which the Committee may determine in relation to that Award.

5.5 Award Participants are not required to pay for the grant of Awards.

5.6 An Award or Released Award shall be personal to the Award Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if an Award Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Award Participant shall have no claim whatsoever against the Company, its Directors or employees):

(a) an Award Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;

(b) an Award Participant, being a Non-Executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;

(c) upon the bankruptcy of the Award Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award; or

(d) death of an Award Participant;

(e) an Award Participant commits any breach of any of the terms of his Award; and/or

(f) misconduct on the part of an Award Participant as determined by the Company in its discretion.

For the purpose of Rules 6.1(a) and 6.1(b) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(c), an Award Participant shall be deemed to have ceased to be a Non-Executive Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.

6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:

(a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;

(b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;

(c) an order for the compulsory winding-up of the Company is made; or

(d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Award Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Award Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

(i) in relation to a Performance-related Award, the Committee having determined that the Performance Condition has been satisfied;

(ii) the relevant Award Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;

(iii) the Committee being of the opinion that the job performance of the relevant Award Participant has been satisfactory;

(iv) such consents (including any approvals required by the SGX-ST) as may be necessary;

(v) compliance with the terms of the Award, the Award Scheme, the Articles and the Memorandum of Association of the Company;

(vi) where Shares are to be allotted or transferred on the release of an Award, the Award Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and

(vii) where Award Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Award Participant the Shares to which his Award relates on the Vesting Date.

(b) Shares which are the subject of a Released Award shall be Vested to an Award Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, the Company shall within 10 Market Days after the Vesting Date, allot the relevant Shares and dispatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit, or in the case of a transfer of Treasury Shares, do such acts or things which are necessary for the transfer to be effective.

(c) Where Award Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.

7.2 Shares which are allotted or transferred on the Release of an Award to an Award Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Award Participant maintained with CDP or the securities sub-account of that Award Participant maintained with a Depository Agent.

7.3 Award Shares allotted and issued and/or Treasury Shares transferred, upon the Release of an Award shall:

(a) be subject to all the provisions of the Articles and the Memorandum of Association of the Company; and

(b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank pari passu in all respects with the Shares then existing.

7.4 The Committee may determine to vest an Award, wholly or partly, in the form of cash rather than Shares or Treasury Shares, in which event the Award Participant shall receive, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on the release of this Award, the aggregate Market Price of such Shares.

8. LIMITATION ON THE SIZE OF THE AWARD SCHEME

8.1 The aggregate number of Award 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 fifteen per cent (15%) of the issued Shares of the Company on the day preceding that date.

8.2 The number of existing Shares which may purchased from the market for delivery pursuant to Release of Awards granted under the Award Scheme, will not be subject to any limit. Alternatively, the Company may make a release of Awards in cash instead of Shares and Award Participants entitled to such Awards will receive in lieu of Shares, the aggregate market value of such Shares. Such methods will not be subject to any limit as they do not involve the issue of any Award Shares.

9. ADJUSTMENT EVENTS

9.1 If a variation in the ordinary issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or

(b) the number of Shares in respect of which future Awards may be granted under the Award Scheme, may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that an Award Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Committee considers an adjustment to be appropriate:

(a) the issue of securities as consideration for an acquisition or a private placement of securities;

(b) the increase in the number of issued shares as a consequence of the exercise of options or other convertibles entitling holders of such options or convertibles to acquire Shares in the capital of the Company;

(c) the cancellation of issued shares purchased or acquired by the Company by way of a market purchase of such shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; and

(d) the increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company,

shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Award Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Award Scheme, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

10. ADMINISTRATION OF THE AWARD SCHEME

10.1 The Award Scheme shall be administered by the Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Award Scheme) for the implementation and administration of the Award Scheme, to give effect to the provisions of the Award Scheme and/or to enhance the benefit of the Awards and the Released Awards to the Award Participants, as it may, in its absolute discretion, think fit.

10.3 Neither the Award Scheme nor the grant of Awards under the Award Scheme shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:

(a) the lapsing of any Awards pursuant to any provision of the Award Scheme;

(b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Award Scheme; and/or

(c) any decision or determination of the Committee made pursuant to any provision of the Award Scheme.

10.4 Any decision of the Committee made pursuant to any provision of the Award Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the Award Scheme or any rule, regulation, procedure thereunder or as to any rights under the Award Scheme).

10.5 The Company shall bear the costs of establishing and administering the Award Scheme.

11. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Award Scheme must abstain from voting on any resolution relating to the scheme.

12. VOTING AS PROXIES

Where Award Participants of the Award Scheme are acting as proxies, such participants will not vote unless specific instructions have been given in the proxy instrument on how the shareholders wish their votes to be cast for each of the resolution contemplated.

13. NOTICES

13.1 An Award Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to the holders of Shares.

13.2 Any notice or other communication between the Company and an Award Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Award Participant, his address as notified by him to the Company from time to time.

13.3 Any notice or other communication sent by post:

(a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and

(b) by the Award Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

14. MODIFICATIONS TO THE AWARD SCHEME

14.1 Any or all the provisions of the Award Scheme may be modified and/or altered at any time and from time to time by resolution of the Board, except that:

(a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Award Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would thereby become entitled to not less than three-quarters in value of all the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

(b) no modification or alteration to the definitions of “associate”, “Committee”, “Controlling Shareholders”, “Employee”, “Award Participant”, “Performance Period” and “Vesting Period” and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 14 shall be made to the advantage of Award Participants except with the prior approval of the Shareholders of the Company in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

14.2 Notwithstanding anything to the contrary contained in Rule 14.1, the Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Award Scheme in any way to the extent necessary to cause the Award Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

14.3 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Award Participants but accidental omission to give notice to any Award Participant(s) shall not invalidate any such modifications or alterations.

15. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

(a) the Award Scheme or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the Award Scheme or any right which he may have to participate in it or any Award which he may be granted and the Award Scheme or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and

(b) the Award Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

16. DURATION OF THE AWARD SCHEME

16.1 The Award Scheme shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Award Scheme may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The Award Scheme may be terminated at any time by the Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Award Scheme is so terminated, no further Awards shall be granted by the Company hereunder.

16.3 The termination of the Award Scheme shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

17. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Award Scheme:

(A) the names of the members of the Committee;

(B) information as required below for the following Award Participants:

(a) Award Participants who are Directors;

(b) Award Participants (other than those in (a) above) who have received Shares pursuant to the release of Awards granted under the Award Scheme which, in aggregate, represent 5% or more of the aggregate of:

(i) the total number of Shares available under the Award Scheme collectively; and

(ii) the total number of existing Shares delivered pursuant to Awards released under the Award Scheme,

the following information:

(aa) the name of the Award Participant;

(bb) the following particulars relating to Shares delivered pursuant to Awards released under the Award Scheme:

(i) the aggregate number of Shares comprised in the Awards granted during the financial year under review;

(ii) the number of Award Shares allotted to such Award Participant during the financial year under review;

(iii) the number of existing Shares transferred to such Award Participant during the financial year under review;

(iv) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review;

(v) the number of Award Shares allotted to such Award Participant since the commencement of the Award Scheme to the end of financial year under review; and

(vi) the number of existing Shares transferred to such Award Participant since the commencement of the Award Scheme to the end of the financial year under review.

(C) in relation to the Award Scheme, the following particulars:

(a) the aggregate number of Shares comprised in Awards granted since the commencement of the Award Scheme to the end of the financial year under review;

(b) the aggregate number of Shares comprised in Awards granted during the financial year under review;

(c) the aggregate number of Shares comprised in Awards which have vested since the commencement of the Award Scheme to the end of the financial year under review and in respect of such Awards, the proportion of:

(i) Award Shares issued; and

(ii) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased;

(d) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of:

(i) Award Shares issued; and

(ii) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased;

(e) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review; and

(f) such other information as may be required by the Listing Manual or the Act.

If any of the disclosure above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

18. TAXES, COSTS AND EXPENSES OF THE AWARD SCHEME

18.1 Notwithstanding anything herein, each Award Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares or transfer of Treasury Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Award Participant's securities account with CDP, or the Award Participant's securities sub-account with a CDP Depository Agent.

18.2 The Award Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Award Scheme shall be borne by that Award Participant. The Company shall not be responsible for any failure by the Award Participant to obtain any such consent or for any tax or other liability to which the Award Participant may become subject as a result of his participation in the Award Scheme.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Award Scheme, including but not limited to any delay or failure to issue the Shares or procure the transfer of the Treasury Shares or to apply for or procure the listing of Award Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

20. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Award Scheme) shall be referred to the Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Award Scheme or any Rule, regulation, procedure thereunder or as to any rights under the Award Scheme).

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued pursuant to the vesting of any Award if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

22. GOVERNING LAW

The Award Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Award Participants, by being granted Awards in accordance with the Award Scheme, and the Company submits to the exclusive jurisdiction of the courts of the Republic of Singapore.

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