Raising the Bar

TIONG SENG HOLDINGS LIMITED
ANNUAL REPORT 2011

CORPORATE PROFILE

Backed by an established track record of over 50 years, Tiong Seng is one of the leading building construction and civil engineering contractors in Singapore. With the highest BCA grading of A1 for both general building and civil engineering, we are qualified to undertake public sector construction projects with unlimited contract value.

Through the years, Tiong Seng has been a first-mover by focusing on building methods and technologies which improve productivity and core efficiencies. Our upcoming Prefab Hub featuring automated pre-cast capabilities will take this competency to a new level.

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 and one project in Suzhou.

CONTENTS

RAISING THE BAR

The opening of our Prefab Hub in Tuas this year is a breakthrough for the local construction industry and sets a new standard in construction productivity in resource-scarce Singapore. The S$36 million state-of-the-art facility features an "Integrated Hub Concept", incorporating our pre-cast production capabilities, formwork assembly & maintenance, training and research, as well as green and gracious living for our workers all under one roof, spanning 19,000m2 in gross floor area.

Although the use of precast materials in construction is not new, the production of these materials have been rather rudimentary, and subject to external environmental factors. With the controlled environment and automated processes in our Prefab Hub, we have taken the production of customised precast concrete components to a whole new level.

With two automated production lines using German technology, the pre-cast manufacturing facility in the Prefab Hub enables us to double our current output to more than 100,000 cubic metres of precast components annually. Featuring cutting-edge technology, complex pre-casting work processes can be executed with high precision. A centralised computer system will control the entire manufacturing process and maintain production data and records, thereby lowering the labour requirement by between 50% to as much as 70%. Our objective is to scale new heights in productivity across the entire construction value chain.

RAISING THE BAR (CONT'D)

The Prefab Hub also boasts green features such as an eco-façade comprising a vertical garden wall and monsoon windows for improved air ventilation. Workers living in the rooftop dormitory will enjoy an extensive green roof which not only provides natural cooling but is also designed to harvest rainwater, plus a roof-top garden where they can plant vegetables.

RAISING PRODUCTIVITY THROUGH TECHNOLOGY

As a builder, we are constantly on the lookout for new methods to improve productivity and efficiency within the Company. Having always been an early adopter of new technology, we are now implementing the Building Information Modeling ("BIM") system across system across most of its construction projects. Through the use of BIM, a 3D parametric technology that streamlines information sharing - from the architects to the engineers and the contractors - we believe that the Group will be able to achieve greater levels of productivity and efficiency spanning the entire construction value chain.

RAISING THE BAR IN GREEN CONSTRUCTION

Over the years, we have generated a strong track record in green buildings in Singapore such as Parc Emily, Capella Hotel Singapore and The Tribeca, among others. Awards such as BCA's "Green and Gracious Builder" and "Green Mark Platinum" testify to our achievements in sustainable construction.

We are also currently involved in the landmark bilateral project between Singapore and China, the 30-sq km Tianjin Eco-City which is located in the Tianjin Binhai New Area. Tianjin Eco-City is expected to be the first to receive the Leadership in Energy and Environmental Design for Neighbourhood Development ("LEEN-ND") certification – a new international system of creating and evaluating environmental sustainability in urban town development.

Our recently-incorporated subsidiary, Cobiax, has international patents for reducing the use of concrete by as much as 30%, which translates directly to a reduction of 210kg of carbon dioxide emissions. To date, Cobiax's products have been used for 7 different projects in Singapore encompassing a wide mix of residential, commercial and industrial buildings. Cobiax's products have also been widely used in Europe for an extensive range of building projects such as hospitals, offices, mixed-use complexes, schools, soccer stadiums, railway stations and many more. It received the coveted Swiss Environmental Award in 2010 for its compliance with strict design standards in Europe and outstanding ecological performance, successful carbon dioxide reductions.

Our first-mover position in green construction will bode well for the Group, particularly as the nation's efforts will dovetail under BCA's Green Building Masterplan, whereby at least 80% of our buildings will have to achieve the BCA Green Mark Certified rating by 2030.

Moving forward, Tiong Seng will continue to embrace green construction and sustainability by strengthening our core competencies and knowledge in green construction techniques and methods.

AT A GLANCE

Construction & Civil Engineering Projects

1. The Luxurie 2. The Glyndebourne 3. Waterway Terraces II 4. Waterway Terraces I 5. Shelford Suites

As at 31 December 2011, our order book for construction and civil engineering projects (based on secured contracts) registered a record S$1.4 billion.

Tiong Seng is also working on projects to upgrade and seal roads in the Eastern Highlands of Papua New Guinea.

ONGOING PROJECTS INCLUDE:

Private Residential / Condominiums

- The Luxurie
- The Archipelago
- The Glyndebourne
- Tree House
- Hundred Trees
- The Volari
- The Wharf Residences

Commercial

- Connexion*
- Hotel at Upper Pickering Street
- Marina Bay Financial Centre Phase 2 (Tower3)†

Public Housing / Institutional

- Waterway Terraces I
- Waterway Terraces II
- NUS Staff Housing at Kent Vale

Civil Engineering - Infrastructure

- Contract 913^
- Eastern Highlands, Papua New Guinea

* Joint venture project with Samsung C&T Corporation
† Joint venture project with Kajima Overseas Asia Pte Ltd
^ Joint venture project with GS Engineering & Construction Corp.

Property Development Projects


Tianjin Eco-City


The Equinox, Dagang


Sunny International Project, Cangzhou

We have a niche speciality in developing commercial, residential and mixed - use projects in the second and third tier cities and we are currently working on five property development projects in the PRC.

In the Tianjin Binhai New Area, we are developing 3 plots of land covering over 360,000 sqm for the Tianjin Eco-City Project, with a gross development value of RMB4.5 billion.

Three of our other ongoing projects are located in the Bohai Economic Rim, which is one of the main economic zones of the PRC. We have recently added a new project in Suzhou.

- **Eco-City, Tianjin**
  Residential: 360,000 sqm

- **Sunny International, Cangzhou**
  Mixed: Residential 131,900 sqm, and Commercial 18,000 sqm

- **The Equinox, Dagang, Guangang Forest Park, Tianjin**
  Residential comprising landed and low rise properties: 162,000 sqm

- **Zizhulin, Tianjin**
  Commercial: 12,000 sqm

- **New District Xu Shu Guan Development Zone, Suzhou**
  Residential comprising terrace houses and apartments: 87,220 sqm

LETTER TO SHAREHOLDERS

Pek Ah Tuan
Non-Executive Chairman

Pek Lian Guan
Executive Director & CEO

Dear Shareholders,

2011 was a year of economic uncertainty and volatility for the world's economies as the Eurozone sovereign debt crisis and the uncertainty concerning the US economy cast a sense of gloom all around the world. Singapore was no exception – our GDP growth slowed dramatically to just 4.9%, a far cry from the 14.8% expansion recorded in 2010[1]. Although there are positive signs emerging from the Eurozone, and positive indicators from the US, we nevertheless expect 2012 to be just as challenging as 2011.

In line with these macro-economic factors, construction demand this year is expected to shrink compared to last year. However, demand will remain strong from the combination of public contracts awarded over the last two years and the ongoing construction of major civil engineering projects such as the expansion and extension of the Mass Rapid Transit network which is set to stretch across 280 kilometers by 2020[2].

As Singapore undergoes further transformation to cater to the next phase of growth, we can expect the demand for construction to remain healthy. Work will be driven largely by pent-up demand by a fast-expanding populace for public housing, as well as regular estate renewal work for ageing flats in line with the government's Home Improvement Programme. The Government has also announced plans to explore new heartland areas such as Tengah and Bidadari which have been earmarked as upcoming sites to be developed into satellite towns[3].

The healthy demand for construction is expected to be moderated by a slowdown in the construction of private developments amidst muted market sentiments arising from the cloudy global economic outlook, as well as the government's various property cooling measures to stem foreign investment demand – such as additional buyers' stamp duties and higher down-payment requirements.

In the face of such market sentiments, it will be vital for Tiong Seng to increase our productivity as a builder, and harness more innovative technology in the course of our work. Collectively, we will have to search for more creative solutions and become even more efficient. In short, we have to up the ante to meet the challenges ahead.

RAISING THE BAR

This year, we look forward to a very important milestone in our history. We will be opening the Tiong Seng Prefab Hub in Tuas. The Prefab Hub will have the first automated precast manufacturing facility in Singapore. Tiong Seng's experience in the use of precast construction started since 1995. Over the years, we have honed our capability in designing, manufacturing and installation of pre-cast components.

Through automation, we can increase our output, save time and manpower, and ultimately improve overall efficiency. Furthermore, clients can also enjoy timely deliveries and consistent products of a high quality.

Backed by this experience, we have combined pre-cast and automation for maximum efficiency. Tiong Seng will reap synergistic benefits from the automated precast manufacturing facility which has been designed with an integrated and smooth workflow in mind. With an

1 "Recent Economic Developments in Singapore", Monetary Authority of Singapore, 8 Mar 2012
2 "More Good Years for Construction Industry", Singapore Builder's Directory 2011/2012
3 "MND sees Tengah, Bidadari as potential new towns", Channel NewsAsia, 12 Oct 2011

We believe that we remain in good stead for the long haul given our investments to raise productivity and efficiency, and our ability to consistently fill our order book.

end-to-end process encompassing design and drafting, production and logistics, the Group will undoubtedly raise the bar by a few notches.

2011 FINANCIAL REVIEW

Despite volatile market conditions in the last year, we are pleased to report healthy growth across all our business segments for the 12 months ended 31 December 2011 ("FY2011"). Sales from the construction contracts segment increased 55% to S$350.7 million, while revenue from sales of development properties more than doubled to S$53.8 million. Our sales of goods segment performed well too with a fivefold increase in revenue to S$8.8 million. As a result, the Group's FY2011 revenue soared 64% to S$414.5 million in FY2011 compared to S$252.3 million a year ago ("FY2010").

Other income and correspondingly, net profit attributable to shareholders, declined by 34% to S$9.2 million and 6% to $27.2 million respectively in FY2011 largely due to an one-timed gain on bargain purchase of S$9.9 million arising from the acquisition of Cobiax Group in August 2010. This gain of S$9.9 million, out of which approximately S$2.3 million has been provisionally recorded in FY2010 results, has been recorded under other income in the Group's restated FY2010 results following the finalization of the acquisition. Excluding the net effect of the one-timed gain on bargain purchase, profit for FY2010 would have been approximately S$21.2 million, resulting in an increase of S$5.7 million or 26.3% in profit for FY2011 as compared to FY2010.

During the year, our revenue from construction contracts was higher due to an aggregate of S$245.8 million generated from more work done for new and on-going projects – The Wharf Residences, The Volari, Hotel at Upper Pickering Street, Hundred Trees, Tree House, NUS Staff Housing at Kent Vale, Waterway Terraces I and The Glyndebourne. This was offset against an aggregate of S$155 million due to less work for completed and almost completed projects in Papua New Guinea and Singapore. The projects are Tribeca, Wilkie Studio, Sky @ Eleven, Hilltops, Shelford Suites and Raffles City Shopping Mall.

On the China front, revenue from sales of development properties more than doubled due to the sale of 443 units of Phase 1 of the City Residence project in Cangzhou, and the sale of 13 units in Tianmen Jinwan Building in Tianjin. This compared to the sale of 55 units in Tianmen Jinwan Building last year.

Revenue from our sales of goods segment surged fivefold to S$8.8 million largely due to the growing business of Cobiax Technologies AG, which started to contribute to our topline since its acquisition in 3Q2010.

In line with our revenue recognition policy, revenue from work done, amounting to approximately S$6 million from newly commenced projects in Singapore and Papua New Guinea has not been recognised yet. As at 31 December 2011, 6 remaining units of Phase 1 of the City Residence project and 5 units of the Tianmen Jinwan Building are sold, but have yet to be recognised as revenue as these units have not been handed over to the buyers.

Based on 766,039,750 shares net of non-controlling interests, the Group achieved earnings per share of 3.55

LETTER TO SHAREHOLDERS (CONT'D)

Singapore cents for the full year. Our Net Asset Value per share as at 31 December 2011 (excluding Treasury Shares) was 26.85 Singapore cents. Tiong Seng holds a stable financial position with cash and cash equivalents of approximately S$79.8 million as at year end.

LOOKING AHEAD

• Construction

BCA has projected a softening in total construction demand in 2012, which will range between S$21 - S$27 billion as compared to 2011's S$32 billion. This is largely attributed to lower projected demand from the private sector, which range between S$8 - S$12 billion, likely as a result of the Government's anti-speculation measures introduced to cool the property market as well as a weaker economic outlook for Singapore. For 2013 and 2014, average construction demand is projected to range between S$19 - S$27 billion per year, of which, more than half is expected to be generated by the public sector[4].

We expect the operating landscape to remain challenging in the coming years. The industry will face higher construction costs, higher material costs and foreign workers' levies, reduction in the number of foreign workers, and stiff competition from large foreign contractors. However, we believe that we remain in good stead for the long haul given our investments to raise productivity and efficiency, and our ability to consistently fill our order book. As at 31 December 2011, our construction order book remains solid at S$1.4 billion.

• Property Development

With the Chinese government's continued push to cool the property market over the last year, the market maintained its downward correction. Further tightening measures such as higher down-payments for mortgages, price caps on real estate[5], and home purchase restrictions in more cities have been imposed, and are expected to be maintained in the immediate term[6]. Meanwhile, the government is also looking to boost public housing by building 36 million affordable housing units over the next 5 years.

Faced with liquidity pressures and tighter credit controls, developers have started reducing selling prices of residential units, especially in the last quarter of 2011. In fact, some developers have started cutting prices by 20% - 30% in coastal cities such as Shanghai. Moving forward, sales volume is expected to drop in view of lacklustre demand in the 1st and 2nd-tier markets[2].

In the longer term, however, the country's urbanisation is expected to continue to propel demand for quality housing. China's current urbanisation rate of 47% still lags behind the 85% in developed countries . The nation is expected to have grown 1 percentage point every year to approximately 70% by 2030.

Despite the property market moderating in line with the government's cooling measures, we are of the view that the demand for quality housing will continue to climb in the medium and long-term as China still holds a good propensity for growth. As a Group, Tiong Seng will remain watchful for policy changes and focus on the sales and development of our projects in China in the meantime. We will also be vigilant for possible opportunities to accumulate our development land bank.

APPRECIATION

On behalf of the Board of Directors, we would like to thank our joint venture partners, business associates, customers, staff, as well as the fellow directors on the Board for your hard work, support and counsel thus far.

We also extend our heartfelt gratitude to our valued shareholders for your support and confidence in our growth plans thus far. As a gesture of our appreciation, we are delighted to recommend a first and final cash dividend of S$0.01 per ordinary share for FY2011.

As always, we look forward to seeing you at our forthcoming Annual General Meeting.

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

4 "Public sector projects to sustain construction demand in 2012", Building and Construction Authority, 16 Jan 2012
5 "China should maintain property curbs: Vice Premier", The Business Times, 29 November 2011
6 "China November home price in biggest drop this year", Today, 2 December 2011

BOARD OF DIRECTORS

MR PEK AH TUAN

Non-Executive Chairman

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

MR PEK LIAN GUAN

Executive Director and Chief Executive Officer

Mr Pek Lian Guan started his career at Tiong Seng Contractors upon his graduation, with a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom, in 1989. In 1993, he was appointed as the Director of Tiong Seng Contractors and soon became the Deputy Managing Director in 1997. Mr Pek has over 22 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the region. Under his guidance, Tiong Seng has come to champion the use of advanced construction technology and green practices across its businesses for better productivity and efficiency. Mr Pek currently advises as a member of various productivity and green councils in Singapore, and is actively involved in related initiatives towards the improvement of these standards.

MR PAY SIM TEE

Executive Director

Mr Pay Sim Tee first started his career in the construction industry at Tiong Seng Contractors in 1977. In 1989, he became a director of Tiong Seng Contractors and is primarily in charge of our road construction projects in PNG. Mr Pay has more than 34 years of experience in earthwork, road and bridge construction, civil engineering and building work in Singapore, the PRC, Socialist Republic of Vietnam, PNG and Laos. He is also in charge of property development and human resource in Tiong Seng Holdings Limited. Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1980.

MR LEE IT HOE

Non-Executive Director

Mr Lee It Hoe is a dealing director of UOB Kay Hian Pte Ltd. He had also been a director of Grand Orient Securities Pte Ltd since 1984. As Mr Lee has been in the brokerage industry since 1981 and had previously worked in Tiong Seng Contractors as a projects management executive back in the early 1960s, his business acumen is expected to be an asset to our Group. Mr Lee was appointed to the Board on 24 February 2010. He holds a Diploma in Building Construction from Singapore Polytechnic in 1968.

BOARD OF DIRECTORS (CONT'D)

MR ONG LAY KHIAM

Lead Independent Director

Mr Ong Lay Khiam has worked in the banking and finance industry in Singapore since 1971, principally as a commercial banker. Mr Ong has held various positions in local financial institutions during his long career, including the positions of Vice President, National Banking Group, DBS Bank; Director and Executive Vice President, Tat Lee Bank; General Manager, Corporate Banking, Keppel TatLee Bank and Executive Vice President, Hong Leong Finance. After retiring from Hong Leong Finance in June 2007, he joined Nanyang Technological University as the inaugural Executive Director, Lien Ying Chow Legacy Fellowship but left the post in September 2008 to resume his banking career at UBS AG, Wealth Management. He is currently an Executive Director of UBS AG, Wealth Management. He was also an Adjunct Associate Professor attached to the Nanyang Technoprenuership Centre of the University from July 2007 to June 2009.

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

Mr Ong 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. In Oct 2011, he was also conferred the Alumni Achievements Award by the Nanyang Technological University. Mr Ong was appointed to our board of Directors on 24 February 2010.

MR ANG PENG KOON, PATRICK

Independent Director

Mr Patrick Ang is the Deputy Managing Partner of one of the largest law firms in Singapore, Rajah & Tann LLP, and heads the firm's Regional Practices. He has had over 20 years of experience handling both contentious and non-contentious matter and one of his key areas of expertise is in corporate restructuring and insolvency, acting for financial institutions and companies in many major and publicised cases. These include Lehman Brothers, Nortel group of companies, China Aviation Oil Corporation, Asia Pulp and Paper, restructuring of C2C Ltd (a large underwater telecoms cable company majority owned by SingTel), the collapse of Lewis and Peat (one of the world's largest rubber trading houses), the collapse of Sogo Department Store group of companies, Vikay Industrial Ltd, Alliance Technology & Development Ltd, Showpla Asia Ltd, BBR Holdings Ltd, Measurex Group, PT Ometraco (listed Indonesian company), Admiralty Leisure (owners of Tang Dynasty Theme Park), Lernout & Hauspie Group (then the world's largest speech software company), Beng & Ooi Medical Group (a large medical group in Singapore), PineTree Town Club, Fort Canning Country Club, Crown Prince Hotel and Chew Eu Hock Holdings Ltd. As of 24 November 2009, he has been appointed as a Director of The 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 a lecturer in Civil Procedure at the Postgraduate Practice Law Course on Civil Procedure at the Singapore Institute of Legal Education and a regular speaker at conferences/seminars, and an Exco Member on the Employer Alliance. He is also an independent director of Malacca Trust Limited, an Indonesia-based financial services group listed on Catalist of the Singapore Exchange.

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

SENIOR MANAGEMENT

MR PEK DIEN KEE

Head of Asset Management

Mr Pek Dien Kee joined Tiong Seng Contractors in 1975 and was appointed as director of TSC in 1991. Currently, he heads our Procurement Department and his job scope includes approving the purchase of project work materials and services, conducting periodic evaluations of and selecting competent suppliers for our projects. In addition, he is also in charge of the Procurement Department of our subsidiary in PNG, TSC (PNG), and our workshop at Fan Yoong Road which maintain and upkeep the plant and equipment for TSC.

MR PAY TEOW HENG

Project Director

Mr Pay Teow Heng has 19 years of experience in administration, coordination and managing of building construction and civil engineering projects in Singapore. He manages the tender process for projects, and oversees various types of construction projects that Tiong Seng Contractors undertakes in Singapore, from civil engineering to the construction of buildings. He first joined Tiong Seng Contractors as a project engineer in 1992 and was subsequently promoted to project manager in 1993, and to director in 1998. Mr Pay Teow Heng is currently a council member of Singapore Contractors Association Limited (SCAL) and seats as a board of director for its subsidy SC2. He holds a Bachelor of Civil Engineering (Hons) from Loughborough University of Technology, United Kingdom.

MR ANDREW KHNG

Head of Administration

Mr Andrew Khng is in charge of general corporate matters for our Group and has been with the company since 1981. Mr Khng's years of experience spans across administration to site management and to coordination and managing of civil engineering and building construction projects in Singapore and India. He currently sits on the board of various organisations outside our Group, including Singapore Contractors Association Limited. He is currently the immediate past president of Singapore Contractors Association Limited. Mr Khng obtained an Advance Diploma in Business Management from the University of Bradford (MDIS) in 1997.

MR CHOO HONG CHUN

Financial Controller

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

MR ONG CHUN TIONG

General Manager, Tianjin, PRC

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

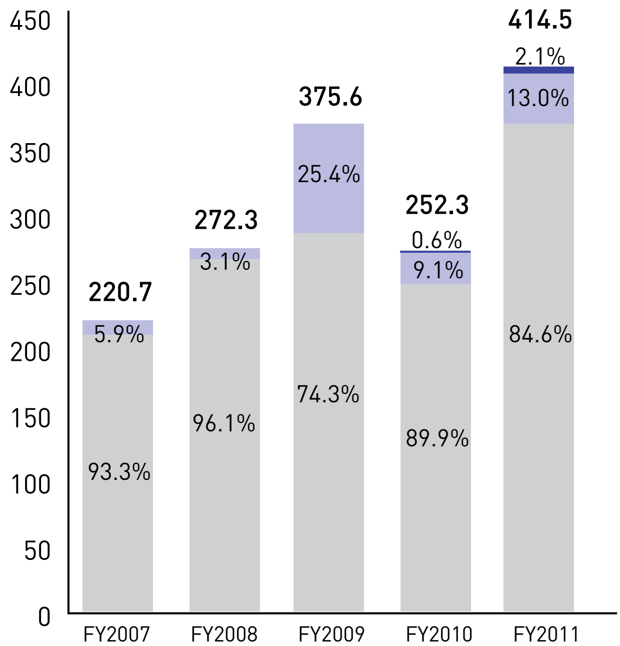
MR BAO JIAN FENG

General Manager, Jiangsu, PRC

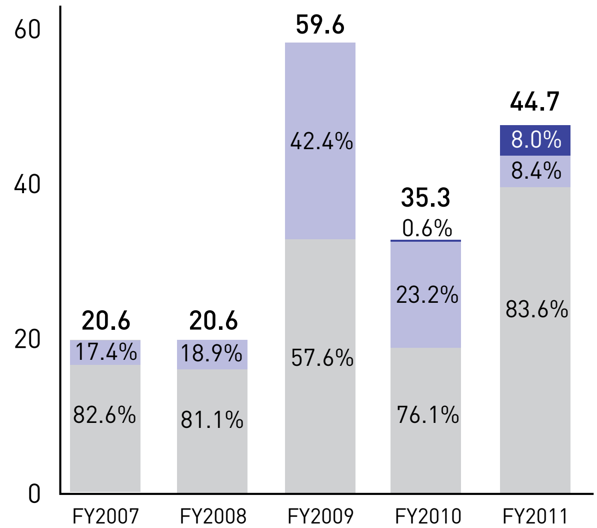
Mr Bao Jian Feng has been the General Manager of our Group for our subsidiaries in the Jiangsu Province, PRC, since 1996 and is mainly in charge of Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. Prior to joining Tiong Seng Contractors, Mr Bao was the deputy general manager of Suzhou Yunsheng Construction Development Co., Ltd (苏州运盛建设发展有限公司) from 1994 to 1996, during which 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.

FINANCIAL HIGHLIGHTS

Revenue
(S$'million)

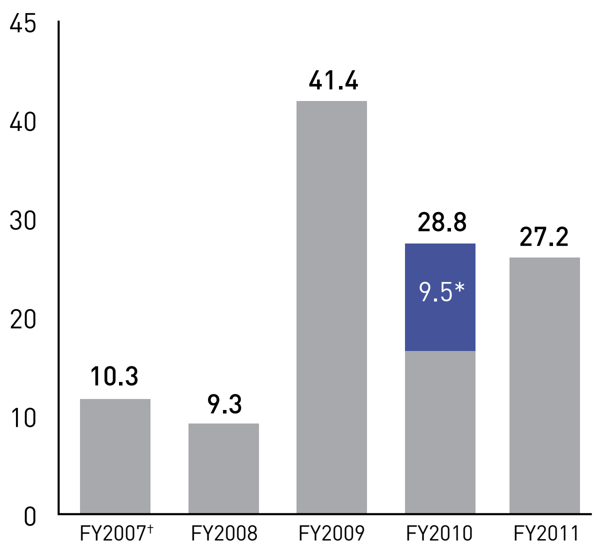


Gross Profit
(S$'million)



Construction Property Development Sales of Goods

Net Profit
(S$'million)



* Excluding the net effect of $9.5 million recorded for the goodwill item in FY2010, the Group would have achieved a 41% year-on-year growth in FY2011.
† Excluding minority Interests.

Financial Ratios: Liquidity

Current Ratio (times)

2009	2010	**2011**
1.5	1.7	**1.6**

Net Gearing Ratio* (times)

2009	2010	**2011**
0.06	-0.13	**0.47**

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

STRONG ORDER BOOK - S$1.4 BILLION

As at 31 Dec 2011, the order book of our construction contracts segment amounted to approximately $1.4 billion, of which, S$748 million worth of projects were secured in 2011. The majority of these projects are expected to be fulfilled over the next 12 to 30 months.

ACCREDITATIONS & AWARDS

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

SAFETY

RoSPA Occupational Health and Safety Award - (Sector Winner for Housebuilding and Property Development) in 2011
Awarded by Royal Society for the Prevention of Accidents (UK)

RoSPA Occupational Health and Safety Award - 2006 to 2011
• Won seven awards in 2011
Awarded by Royal Society for the Prevention of Accidents (UK)

BCA Design & Engineering Safety Excellence Award - 2009 and 2011
Awarded by Building & Construction Authority of Singapore

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

WSH Best Practices Award - 2007
Awarded by Workplace Safety and Health Council

Annual Safety and Health Performance Award - 2004 to 2006, and 2011*
*Awarded by the Ministry of Manpower, and Workplace Safety and Health Council**

Environmental Health and Safety Excellence Award - 2005 to 2007, 2009 and 2011
Awarded by City Developments Limited

QUALITY

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

BUSINESS EXCELLENCE

Built Environment Leadership Award - (Platinum) in 2011 and (Gold) in 2009
Awarded by Building & Construction Authority of Singapore

SCAL Award - 2003
Awarded by Singapore Contractors Association Limited

Singapore Quality Class
Awarded by Spring Singapore, since 2002

ENVIRONMENTAL SUSTAINABILITY

BCA Green and Gracious Builder Award - (Star) in 2011, and (Excellent) in 2009
Awarded by Building & Construction Authority of Singapore

BCA Green Mark Award - 2005, 2006, 2008 to 2011
Awarded by Building & Construction Authority of Singapore

PUB Watermark Award - 2007
Awarded by Public Utilities Board

PUB Friends of Water - 2006
Awarded by Public Utilities Board

INNOVATION

SCAL Workplace Safety and Health Innovation Award - 2008
Awarded by Singapore Contractors Association Limited

WSH Innovation Award - 2006 and 2011
Awarded by the Ministry of Manpower

BCA Design & Engineering Safety Excellence Award - 2009 and 2011
Awarded by Building & Construction Authority of Singapore

Eureka Award - 2003
Awarded by Spring Singapore

ARCHITECTURAL

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

PRODUCTIVITY

Construction Productivity Award - 2011
• 2 Platinum Awards and 1 Gold Award
Awarded by Building & Construction Authority of Singapore

CDL Productivity Excellence Award - 2011
Awarded by City Developments Limited

ACCREDITATIONS

ISO 9001, *since 1995*
OHSMS 18001, *since 2002*
ISO 14001, *since 2002*

CORPORATE INFORMATION

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

COMPANY SECRETARIES
Ms Shirley Lim Keng San, FCIS
Ms Hazel Chia Luang Chew, FCIS

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

AUDIT COMMITTEE
CHAIRMAN
Mr Ong Lay Khiam

MEMBERS
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick

NOMINATING COMMITTEE
CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Pek Lian Guan
Mr Ong Lay Khiam

REMUNERATION COMMITTEE
CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Lee It Hoe
Mr Ong Lay Khiam

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

Partner-in-charge: Teo Han Jo
Date of appointment: with effect from financial year ended 31 December 2010

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

CORPORATE GOVERNANCE

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

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

(A) Board Matters

Principle 1: Board's Conduct of its Affairs

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

The function of the Board includes:

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE (CONT'D)

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

Principle 2: Board Composition and Balance

The Board comprises six directors, one-third of whom is independent. The list of directors is as follows:

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

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

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

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

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

Principle 3: Chairman and Chief Executive Officer ("CEO")

To ensure an appropriate balance of power such that no one individual represents a considerable concentration of authority, the roles of Non-Executive Chairman and CEO are separate.

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

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

Principle 4: Board Membership

The NC comprises three members, a majority of whom, including the Chairman, are independent Directors.

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

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

1. to review the Board and Board Committees' structure, size and composition and make recommendations to the Board, where appropriate;

2. to determine the process for search, nomination, selection and appointment of new board members and assessing nominees or candidates for appointment to the Board;

3. to determine, on an annual basis, if a Director is independent;

4. to recommend the nomination of Directors who are retiring by rotation to be put forward for re-election;

5. to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations; and

6. to assess the effectiveness of the Board as a whole and for assessing the contribution of each of the Director to the effectiveness of the Board.

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

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

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

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

The Nominating Committee has recommended the nomination of Mr Pek Lian Guan and Mr Lee It Hoe for re-election at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Pek Lian Guan and Mr Lee It Hoe will be offering themselves for re-election at the AGM.

Mr Pek Ah Tuan, who is over the age of 70, will retire at the forthcoming AGM. The Nominating committee has recommended the nomination of Mr Pek Ah Tuan for re-appointment under Section 153(b) of the Companies Act., Cap. 50.

Principle 5: Board Performance

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

Principle 6: Access to Information

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

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

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

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

(B) Remuneration Maters

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

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

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

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

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

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

Principle 8: Level and Mix of Remuneration

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

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

The RC had recommended to the Board an amount of S$490,000 for the financial year ending 31 December 2012, payable half yearly in arrears.

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

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

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

Principle 9: Disclosure on Remuneration

The annual remuneration band of each individual Director and key executives for the financial year ended 31 December 2011 is as follows:

	FY2011
Directors	
Pek Ah Tuan	Band II
Pek Lian Guan	Band III
Pay Sim Tee	Band II
Lee It Hoe	Band I
Ong Lay Khiam	Band I
Ang Peng Koon, Patrick	Band I
Executive Officers	
Pek Dien Kee	Band II
Pay Teow Heng	Band II
Andrew Khng	Band II
Choo Hong Chun	Band I
Ong Chun Tiong	Band I
Bao Jian Feng	Band I

Note:

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

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

No awards were vested under the Tiong Seng Share Award Scheme in the financial year ended 31 December 2011.

(C) Accountability and Audit

Principle 10: Accountability

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

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

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

Principle 11: Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The accounts of the Company, subsidiaries and significant associated companies are audited by KPMG LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority. The Company has complied with the Rules 712 and 715 of the listing rules of the SGX-ST.

The AC had reviewed and is satisfied that the non-audit services provided by the auditors in FY2011 did not affect the independence or, objectivity of the external auditors. The amount of non-audit fees paid to the external auditors in respect of FY2011 was $117,000. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as auditors at the forthcoming AGM.

The detail of the remuneration of the auditors of the Company during FY2011 are as follows:

	2011 $'000	**2010 $'000**
Auditor's remuneration paid/payable to:		
– Auditor of the Company	371	340
– Other Auditors	42	51

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

Principle 12: Internal Controls

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

The Company had appointed PricewaterhouseCoopers LLP as its Governance Advisor to review the internal controls framework, including internal financial controls, operation and compliance controls and risk management policies and systems established by Management.

Shortfalls in internal controls identified by the Governance Advisor were considered non-material and recommendations by the Governance Advisor to address these shortfalls have been implemented.

The Governance Advisor had also provided internal audit services and had reviewed key processes of projects to test the effectiveness of internal controls within the Group. Non-compliance or lapses in internal controls together with corrective measures are reported to the AC. No material non-compliance or lapses in internal controls have been raised by the Governance Advisor in the course of their audits.

The Company with the assistance of the Governance Advisor with will be carrying out an exercise to review and establish a Risk Management framework to identify key risks facing the Group and the internal controls in place to manage those risks. Action plans to manage the risks are continually being monitored and refined by Management and the Board.

Based on the Group's current framework and the reviews conducted, the Board opines, with the concurrence of the AC, that there are adequate internal controls in place within the Group addressing material financial, operational and compliance risks.

Principle 13: Internal Audit

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

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

(D) Comunication with Shareholders

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

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

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

Dealings in Securities

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

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

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC to ensure that they are carried out on normal commercial terms or entered into on arm's length basis.

The Company does not have a mandate for transactions with interested persons. The aggregate value of interested person transactions entered into during the year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Peck Tiong Choon (Private) Limited	S$889,000	–
Peck Tiong Choon Transport (Pte) Ltd	S$5,898,000	–

Risk Management

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

CORPORATE GOVERNANCE (CONT'D)

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

Material Contracts

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

Use of IPO Proceeds

As previously disclosed in the Company's announcement dated 17 February 2012, all S$50.3 million of net IPO proceeds has been fully utilised.

FINANCIAL CONTENTS

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

Directors

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

Pek Ah Tuan
Pek Lian Guan
Pay Sim Tee
Lee It Hoe
Ong Lay Khiam
Ang Peng Koon, Patrick

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Pek Ah Tuan		
Tiong Seng Shareholdings Pte. Ltd.		
– ordinary shares		
– interests held	10,924	10,924
– deemed interests	95,944	95,944
The Company		
– ordinary shares		
– interests held	6,008,200	6,008,200
– deemed interests	52,769,200	53,769,200
Pek Lian Guan		
The Company		
– ordinary shares		
– deemed interests	500,000	1,500,000
Ong Lay Khiam		
The Company		
– ordinary shares		
– interests held	530,000	530,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lee It Hoe		
The Company		
– ordinary shares		
– deemed interests	477,125,550	477,125,550
Ang Peng Koon, Patrick		
The Company		
– ordinary shares		
– interests held	530,000	530,000

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

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

There are no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

Share options

During the financial year, there were:

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

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

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

Share award scheme

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

Audit Committee

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

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

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

The Audit Committee has held 5 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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

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

In appointing our auditors for the Company and its Singapore-incorporated subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' REPORT (CONT'D)

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

Singapore
26 March 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 33 to 110 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

Singapore
26 March 2012

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tiong Seng Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Tiong Seng Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 110.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Members of the Company
Tiong Seng Holdings Limited

Report on other legal and regulatory requirements

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

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore

26 March 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000 (Restated)	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	4	51,335	30,394	–	–
Intangible assets	5	7,593	8,428	–	–
Investment properties	6	20,231	21,006	–	–
Investment in subsidiaries	7	–	–	59,624	59,624
Associates and joint ventures	8	15,600	10,589	–	–
Trade and other receivables	9	10,421	10,404	–	–
Other investments	10	6,227	6,642	–	–
Deferred tax assets	11	7,717	5,957	–	–
		119,124	93,420	59,624	59,624
Current assets					
Inventories	12	1,193	933	–	–
Construction work-in-progress	13	60,877	37,817	–	–
Development properties	14	308,720	206,106	–	–
Trade and other receivables	9	128,081	107,134	16	20
Amounts due from related parties	15	23,183	27,279	53,326	16,976
Cash and cash equivalents	16	79,845	86,547	6,183	44,565
		601,899	465,816	59,525	61,561
Total assets		721,023	559,236	119,149	121,185
Equity attributable to owners of the Company					
Share capital	17	154,552	154,552	154,552	154,552
Reserves	18	(74,179)	(79,660)	(45,850)	(45,850)
Accumulated profits		125,299	105,783	8,298	7,769
		205,672	180,675	117,000	116,471
Non-controlling interests		48,959	49,556	–	–
Total equity		254,631	230,231	117,000	116,471
Non-current liabilities					
Trade and other payables	19	7,417	6,375	–	–
Loans and borrowings	20	87,806	43,950	–	–
Deferred tax liabilities	11	4,116	1,604	–	–
		99,339	51,929	–	–
Current liabilities					
Progress billings in excess of construction work-in-progress	13	1,525	24,571	–	–
Trade and other payables	19	216,308	199,408	2,141	1,692
Amounts due to related parties	15	20,353	17,472	–	3,022
Loans and borrowings	20	112,730	13,124	–	–
Current tax payable		16,137	22,501	8	–
		367,053	277,076	2,149	4,714
Total liabilities		466,392	329,005	2,149	4,714
Total equity and liabilities		721,023	559,236	119,149	121,185

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 (Restated)
Revenue			
Revenue from construction contracts	21(a)	350,685	226,785
Revenue from sales of development properties	21(b)	53,828	22,885
Revenue from sales of goods		8,806	1,679
Rental income		1,192	955
		414,511	252,304
Other income	22(a)	9,246	13,918
Costs of construction		(313,299)	(199,899)
Costs of sales of development properties		(50,083)	(14,684)
Costs of goods sold		(5,218)	(1,459)
Depreciation and amortisation		(3,886)	(3,650)
Selling expenses		(4,436)	(2,853)
Staff costs	22(c)	(17,967)	(13,174)
Other expenses	22(b)	(12,094)	(10,658)
		(406,983)	(246,377)
Profit from operating activities		16,774	19,845
Finance income	23	3,502	2,006
Finance costs	23	(3,051)	(3,682)
Net finance income/(costs)		451	(1,676)
Share of loss of associates, net of tax		6	(51)
Share of profit of joint ventures, net of tax		20,573	16,323
Profit before income tax		37,804	34,441
Income tax expense	24	(10,878)	(3,637)
Profit for the year		26,926	30,804
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries		6,733	(4,508)
Exchange differences on monetary items forming part of net investment in a foreign operation		(118)	(18)
Net change in the fair value of available-for-sale investments		(53)	7
Income tax on other comprehensive income		28	1
Other comprehensive income for the year, net of tax		6,590	(4,518)
Total comprehensive income for the year		33,516	26,286

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 (Restated)
Profit attributable to:			
Owners of the Company		27,176	28,835
Non-controlling interests		(250)	1,969
Profit for the year		26,926	30,804
Total comprehensive income attributable to:			
Owners of the Company		32,657	25,937
Non-controlling interests		859	349
Total comprehensive income for the year		33,516	26,286
Earnings per share			
– Basic and diluted (cents)	25	3.55	4.03

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

		Attributable to owners of the Company									
	Note	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010		20,000	–	(189)	976	61	(2,366)	79,099	97,581	46,683	144,264
Total comprehensive income for the year											
Profit for the year, as previously reported		–	–	–	–	–	–	21,446	21,446	2,025	23,471
Adjustment to initial accounting for business combinations	5	–	–	–	–	–	–	7,389	7,389	(56)	7,333
Profit for the year, as restated		–	–	–	–	–	–	28,835	28,835	1,969	30,804
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	(2,888)	–	(2,888)	(1,620)	(4,508)
Exchange differences on monetary items forming part of net investment in a foreign operation		–	–	–	–	–	(18)	–	(18)	–	(18)
Net change in the fair value of available-for-sale investments		–	–	–	–	7	–	–	7	–	7
Income tax on other comprehensive income		–	–	–	–	(1)	2	–	1	–	1
Total other comprehensive income/(expense)		–	–	–	–	6	(2,904)	–	(2,898)	(1,620)	(4,518)
Total comprehensive income for the year, as restated		–	–	–	–	6	(2,904)	28,835	25,937	349	26,286

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2011

	Note	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to owners of the Company							→		
Transaction with owners, recognised directly in equity											
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without a change in control		–	–	–	–	–	–	315	315	(3,233)	(2,918)
Acquisition of a subsidiary, as previously reported		–	–	–	–	–	–	-	-	331	331
Adjustment to initial accounting for business combination		–	–	–	–	–	–	-	-	846	846
Acquisition of a subsidiary, as restated		–	–	–	–	–	–	–	–	1,177	1,177
Total changes in ownership interests in subsidiaries, as restated		–	–	–	–	–	–	315	315	(2,056)	(1,741)
Contributions by and distributions to owners											
Issue of ordinary shares:											
– Restructuring exercise		79,837	(77,720)	–	–	–	–	–	2,117	–	2,117
– Initial public offering		56,292	–	–	–	–	–	–	56,292	–	56,292
Share issue expenses		(1,577)	–	–	–	–	–	–	(1,577)	–	(1,577)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(2,315)	(2,315)
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	6,889	6,889
Additional capital injection by non-controlling interests		–	–	10	–	–	–	–	10	6	16
Total contributions by and distributions to owners		134,552	(77,720)	10	–	–	–	–	56,842	4,580	61,422
Total transactions with owners of the Company		134,552	(77,720)	10	–	–	–	315	57,157	2,524	59,681
Transfer to statutory reserve		–	–	–	2,466	–	–	(2,466)	–	–	–
At 31 December 2010, as restated		154,552	(77,720)	(179)	3,442	67	(5,270)	105,783	180,675	49,556	230,231

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company									
At 1 January 2011, as previously reported		154,552	(77,720)	(179)	3,442	67	(5,270)	98,394	173,286	48,766	222,052
Adjustments to initial accounting for business combinations	5	–	–	–	–	–	–	7,389	7,389	790	8,179
At 1 January 2011, as restated		154,552	(77,720)	(179)	3,442	67	(5,270)	105,783	180,675	49,556	230,231
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	27,176	27,176	(250)	26,926
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	5,624	–	5,624	1,109	6,733
Exchange differences on monetary items forming part of net investment in a foreign operation		–	–	–	–	–	(118)	–	(118)	–	(118)
Net change in the fair value of available-for-sale investments		–	–	–	–	(53)	–	–	(53)	–	(53)
Income tax on other comprehensive income		–	–	–	–	8	20	–	28	–	28
Total other comprehensive income/(expense)		–	–	–	–	(45)	5,526	–	5,481	1,109	6,590
Total comprehensive income for the year		–	–	–	–	(45)	5,526	27,176	32,657	859	33,516

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2011

	Note	Attributable to owners of the Company									
		Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends to owners of the Company		–	–	–	–	–	–	(7,660)	(7,660)	–	(7,660)
Repayment of quasi loan to non-controlling interests		–	–	–	–	–	–	–	–	(1,456)	(1,456)
Total contributions by and distributions to owners		–	–	–	–	–	–	(7,660)	(7,660)	(1,456)	(9,116)
Total transactions with owners of the Company		–	–	–	–	–	–	(7,660)	(7,660)	(1,456)	(9,116)
At 31 December 2011		154,552	(77,720)	(179)	3,442	22	256	125,299	205,672	48,959	254,631

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 (Restated)
Cash flows from operating activities			
Profit from operating activities		16,774	19,845
Adjustments for:			
Depreciation and amortisation		6,952	8,825
Loss/(Gain) on disposal of:			
- investment in an associate	22(b)	18	–
- investment properties	22(a)	(1,061)	(649)
- other investment	22(a)	(636)	–
- property, plant and equipment	22(a)	(142)	(187)
- scrap parts and materials	22(a)	(295)	(44)
Gain on bargain purchase arising from acquisition of a subsidiary	22(a)	–	(9,930)
Impairment losses on:			
- other investment	22(b)	–	33
- trade receivables	22(b)	458	–
Reversal of provision for claims	22(b)	–	(791)
Write off of intangible assets	22(b)	–	112
Operating profit before working capital changes		22,068	17,214
Changes in working capital:			
Inventories		(253)	(114)
Construction work-in-progress		(46,061)	(1,480)
Development properties		(83,292)	(66,271)
Trade and other receivables		(18,943)	(20,282)
Balances with related parties (trade)		6,520	2,446
Trade and other payables		12,659	48,470
Cash used in operating activities		(107,302)	(20,017)
Income taxes paid		(15,731)	(7,636)
Income tax refunded		32	–
Net cash used in operating activities		(123,001)	(27,653)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 (Restated)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		–	(377)
Balances with related parties (non-trade)		(835)	(2,489)
Dividends received from joint ventures		21,081	39,501
Interest received		347	441
Net cash outflow from investment in:			
- a joint venture		(5,534)	–
- other investments		–	(5,886)
Proceeds from disposal of:			
- investment properties		2,057	1,080
- other investments		1,020	391
- property, plant and equipment		246	270
Purchase of:			
- property, plant and equipment		(24,837)	(11,693)
- intangible assets		(790)	(286)
Net cash (used in)/from investing activities		(7,245)	20,952
Cash flows from financing activities			
Balances with related parties (non-trade)		1,534	(4,923)
Capital contribution by non-controlling interests		–	6,889
(Increase)/Decrease in deposits pledged		(15,711)	96
Dividends paid to:			
- owners of the Company		(7,660)	(6,000)
- non-controlling interests		–	(49)
Interest paid		(11,748)	(3,492)
Net proceeds from initial public offering		–	54,715
Payments of finance lease liabilities		(137)	(439)
Proceeds from loan from business associates		1,327	–
Proceeds from loans and borrowings		207,775	67,344
Repayment of quasi loan to non-controlling interests		(1,456)	–
Repayments of loans and borrowings		(67,278)	(52,348)
Net cash from financing activities		106,646	61,793
Net (decrease)/increase in cash and cash equivalents		(23,600)	55,092
Cash and cash equivalents at beginning of the year		84,370	29,921
Effect of exchange rate changes on balances held in foreign currencies		1,234	(643)
Cash and cash equivalents at end of the year	16	62,004	84,370

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2012.

1. Domicile and activities

Tiong Seng Holdings Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 510 Thomson Road, #08-00 SLF Building, Singapore 298135.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is primarily involved in building construction and civil engineering, and property development.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except otherwise described below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgements in assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 – measurement of recoverable amounts of property, plant and equipment
Note 5 – measurement of recoverable amounts of development costs
Note 6 – measurement of recoverable amounts of investment properties
Note 8 – recognition of share of results of joint ventures
Note 10 – assessment of impairment losses on other investments
Note 14 – measurement of carrying amounts of completed properties held for sale and properties under development

2. Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Note 21 – revenue and costs recognition from construction contracts and development properties
Note 24 – estimation of provisions for current and deferred taxation

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group applied the revised *FRS 24 Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 15 and note 30 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

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

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

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

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

3. Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

Subsidiaries

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

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

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

Investments in associates and jointly controlled entities (equity-accounted investees)

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

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interests in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3. Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associates and jointly controlled entities

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

3.2 Foreign currencies

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments (see note 3.6), which are recognised in other comprehensive income.

Foreign operations

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

3. Significant accounting policies (Cont'd)

3.2 Foreign currencies (Cont'd)

Foreign operations (Cont'd)

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

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

3. Significant accounting policies (Cont'd)

3.3 Property, plant and equipment (Cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property under construction are not depreciated.

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

• Leasehold land	Over the term of the lease of 60 years
• Leasehold properties	Over the terms of the leases of between 10 to 50 years
• Plant and machinery	3 to 10 years
• Tools and moulds	20 months to 10 years
• Furniture, equipment and fittings	3 to 10 years
• Motor vehicles	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Subsequent measurement

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

Other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are measured initially at cost. The cost of such intangible assets is their fair value at the acquisition date.

3. Significant accounting policies (Cont'd)

3.4 Intangible assets (Cont'd)

Other intangible assets (Cont'd)

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Patented technology

Patented technology was acquired in a business combination. The cost of patented technology is its fair value at acquisition date. Patented technology has finite useful life and is stated at cost less accumulated amortisation and accumulated impairment losses.

Licence fee

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

Computer software

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

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

Subsequent expenditure

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

Amortisation

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

3. Significant accounting policies (Cont'd)

3.4 Intangible assets (Cont'd)

Amortisation (Cont'd)

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

• Patented technology	5 years
• Licence fee	Shorter of 50 years or lease period ranging from 35 years to 99 years
• Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of investment properties.

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

• Freehold properties	50 years
• Leasehold properties	Shorter of the 50 years or lease period ranging from 35 to 99 years
• Development properties	35 years

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

3. Significant accounting policies (Cont'd)

3.6 Financial instruments

Non-derivative financial assets

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

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

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

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

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise other investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

3. Significant accounting policies (Cont'd)

3.6 Financial instruments (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.7) and foreign currency differences on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

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

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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

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

Share capital

Ordinary shares

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

Intra-group financial guarantees

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

3. Significant accounting policies (Cont'd)

3.6 Financial instruments (Cont'd)

Intra-group financial guarantees (Cont'd)

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

3.7 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

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

3. Significant accounting policies (Cont'd)

3.7 Impairment (Cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

3.8 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3.14) less progress billings and recognised losses. Construction cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

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

3. Significant accounting policies (Cont'd)

3.8 Construction work-in-progress (Cont'd)

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

3.9 Development properties

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

Properties under development for sale

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

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

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

Completed properties for sale

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

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

3.10 Inventories

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

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

3. Significant accounting policies (Cont'd)

3.11 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

3.12 Provisions

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

3.13 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

When entities within the Group are lessees of an operating lease

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

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

3. Significant accounting policies (Cont'd)

3.13 Leases (Cont'd)

When entities within the Group are lessors of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statement of financial position according to their nature and, where applicable, are depreciated in accordance with Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

3.14 Revenue recognition

Construction contracts

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

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

Sales of development properties

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through fulfilment of the following criteria:

(a) receipt of completion certificate;
(b) financial contracts are signed and registered with housing authorities in the relevant province in the People's Republic of China;
(c) receipt of 100% of the sales amount under contract; and
(d) keys are handed over to purchasers of the unit.

Goods sold

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

Rental income

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

3. Significant accounting policies (Cont'd)

3.15 Government grants

Business tax incentive

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

Jobs credit scheme

Cash grants received from the government in relation to the jobs credit scheme are recognised as income upon receipt.

3.16 Finance income and costs

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

Finance costs comprise interest expense on borrowings, accretion of implicit interest in retention sum payables and discount implicit in retention sum receivables.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.17 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

3. Significant accounting policies (Cont'd)

3.17 Tax (Cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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 year, adjusted for own shares held. Diluted earnings per share 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.

3.19 Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

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

3.20 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. The Group is in the process of assessing the impact of these new/revised accounting standards and interpretations. So far, the Group has concluded that the adoption of the new standards, amendments to standards and interpretation is unlikely to have significant impact on the Group's results of operations and financial position.

4. Property, plant and equipment

Group	Leasehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Cost								
At 1 January 2010	5,557	10,546	22,835	32,136	1,488	4,790	–	77,352
Additions	–	3,500	5,462	37	911	963	3,611	14,484
Disposals	–	–	(1,230)	–	(70)	(44)	–	(1,344)
Acquisition through business combination (Note 26)	–	–	–	–	575	6	–	581
Effects of movements in exchange rates	–	(30)	(143)	–	(9)	(89)	–	(271)
At 31 December 2010	5,557	14,016	26,924	32,173	2,895	5,626	3,611	90,802
Additions	–	–	2,442	5,842	1,183	578	14,854	24,899
Disposals	–	–	(365)	(26)	(14)	–	–	(405)
Effects of movements in exchange rates	–	63	1,258	–	194	705	–	2,220
At 31 December 2011	5,557	14,079	30,259	37,989	4,258	6,909	18,465	117,516
Accumulated depreciation and impairment losses								
At 1 January 2010	236	4,066	17,915	28,262	1,053	2,756	–	54,288
Depreciation charge for the year	105	274	2,608	3,559	405	599	–	7,550
Disposals	–	–	(1,209)	–	(26)	(26)	–	(1,261)
Effects of movements in exchange rates	–	(6)	(102)	–	(10)	(51)	–	(169)
At 31 December 2010	341	4,334	19,212	31,821	1,422	3,278	–	60,408
Depreciation charge for the year	105	338	2,055	663	769	688	–	4,618
Disposals	–	–	(284)	(7)	(10)	–	–	(301)
Effects of movements in exchange rates	–	16	864	–	165	411	–	1,456
At 31 December 2011	446	4,688	21,847	32,477	2,346	4,377	–	66,181
Carrying amounts								
At 1 January 2010	5,321	6,480	4,920	3,874	435	2,034	–	23,064
At 31 December 2010	5,216	9,682	7,712	352	1,473	2,348	3,611	30,394
At 31 December 2011	5,111	9,391	8,412	5,512	1,912	2,532	18,465	51,335

4. Property, plant and equipment (Cont'd)

The depreciation for the year is analysed as follows:

	Group	
	2011 $'000	2010 $'000
Depreciation for the year	4,618	7,550
Depreciation included in construction work-in-progress	(3,066)	(5,175)
Depreciation charged to profit or loss	1,552	2,375

Assets held under finance lease

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

	Group	
	2011 $'000	2010 $'000
Plant and machinery	61	147
Motor vehicles	178	478
Office equipment	3	–
	242	625

Security

Certain property, plant and equipment are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 20.

Change in estimates

During the year ended 31 December 2011, the Group conducted an operational efficiency review on its plant and machinery. As a result of the review, the useful lives of certain plant and equipment were extended from 5 to 10 years. These changes were made after taking into account the expected level of use of these assets as well as normal wear and tear, to better reflect the estimated periods during which the assets will operate economically. The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	Later $'000
(Decrease)/Increase in depreciation expense	(1,285)	(518)	(329)	(322)	315	2,139

5. Intangible assets

Group	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2010	–	258	12	270
Acquisition through business combination (note 26)	2,912	–	–	2,912
Additions	203	5	78	286
Disposals/Write off	(112)	–	–	(112)
Effect of movements in exchange rates	(6)	–	(1)	(7)
At 31 December 2010, as previous reported	2,997	263	89	3,349
Adjustment to initial accounting for business combination	5,711	–	–	5,711
At 31 December, 2010, as restated	8,708	263	89	9,060
Additions	759	–	31	790
Effect of movements in exchange rates	62	–	5	67
At 31 December 2011	9,529	263	125	9,917
Accumulated amortisation				
At 1 January 2010	–	9	1	10
Amortisation	201	26	4	231
Effect of movements in exchange rates	10	–	–	10
At 31 December 2010, as previous reported	211	35	5	251
Adjustment to initial accounting for business combination	381	–	–	381
At 31 December, 2010, as restated	592	35	5	632
Amortisation	1,668	26	11	1,705
Effect of movements in exchange rates	(14)	–	1	(13)
At 31 December 2011	2,246	61	17	2,324
Carrying amounts				
At 1 January 2010	–	249	11	260
At 31 December 2010, as restated	8,116	228	84	8,428
At 31 December 2011	7,283	202	108	7,593

The amortisation of intangible assets is included in depreciation and amortisation in the consolidated statement of comprehensive income.

5. Intangible assets (Cont'd)

Adjustments to initial accounting for business combinations

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

As at 31 December 2010, the fair value of identifiable assets and liabilities were determined on provisional basis as the Group was still in the process of performing the purchase price allocation ("PPA") exercise and a gain on bargain purchase of $2,316,000 was recognised.

In 2011, the PPA exercise was completed, resulting in an increase in the gain on bargain purchase for the year ended 31 December 2010 and accumulated profits as at 31 December 2010 by $7,389,000. Accordingly, the Group's comparative financial information presented for patented technology, deferred tax asset and liabilities, non-controlling interest and gain on bargain purchase have been restated. There was no impact on the accumulated profits of the Group for the financial year ended 31 December 2009. The finalised fair values and PPA adjustments are summarised below:

		Group		
		As at 31 December 2010		
	Note	Provisional PPA $'000	Adjustment to provisional PPA $'000	Final PPA $'000
Patented technology		2,786	5,330	8,116
Deferred tax assets	11	1,716	4,241	5,957
Deferred tax liabilities	11	(212)	(1,392)	(1,604)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquire		(48,766)	(790)	(49,556)
Gain on bargain purchase	26	(2,316)	(7,614)	(9,930)
Accumulated profits		(98,394)	(7,389)	(105,783)

Details of the finalised fair value adjustments for identifiable assets and liabilities were summarised in note 26.

6. Investment properties

	Group $'000
Cost	
At 1 January 2010	24,872
Additions	380
Disposals	(452)
Effect of movements in exchange rates	(1,111)
At 31 December 2010	23,689
Disposals	(1,124)
Effect of movements in exchange rates	1,011
At 31 December 2011	23,576
Accumulated depreciation and impairment losses	
At 1 January 2010	2,184
Depreciation charge for the year	663
Disposals	(51)
Effect of movements in exchange rates	(113)
At 31 December 2010	2,683
Depreciation charge for the year	629
Disposals	(129)
Effect of movements in exchange rates	162
At 31 December 2011	3,345
Carrying amounts	
At 1 January 2010	22,688
At 31 December 2010	21,006
At 31 December 2011	20,231

The fair value of the investment properties as at 31 December 2011 is $55,289,000 (2010: $53,141,000).

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

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

6. Investment properties (Cont'd)

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 within one year, and subsequent renewals are negotiated at prevailing market rate and terms.

Minimum lease receivables

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

	Group	
	2011 **$'000**	**2010** **$'000**
Within one year	272	371
After one year but within five years	–	14
	272	385

Pledges of investment properties

Certain investment properties of the Group are mortgaged to banks to secure credit facilities as disclosed in note 20.

7. Subsidiaries

	Company	
	2011 **$'000**	**2010** **$'000**
Unquoted shares in subsidiaries, at cost	59,624	59,624

7. Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2011 %	2010 %
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors")[1] and its subsidiaries:	Construction works	Singapore	100	100
Steeltech Industries Pte. Ltd.[1]	Construction engineering sub-contracting works for fabrication, supply and installation of pre-cast mould, metalwork, steelwork and aluminium works	Singapore	51	51
TSC Contractors (PNG) Limited[2]	Construction works and rental of equipment	Papua New Guinea ("PNG")	100	100
Robin Village Development Pte. Ltd.[1]	Pre-casting	Singapore	100	100
Lao-Singapore Construction Co., Ltd[3]	Production of concrete and construction works	Lao People Democratic Republic ("Laos")	60	60
TSC Innovative Builder Pte Ltd[1]	Construction contractor	Singapore	100	–
Jet-Scan Private Limited[4] and its subsidiary:	Rehabilitation of water and gas pipe line and sewer construction, rehabilitation of sewerage and pipes	Singapore	100	100
Jet-Scan (HK) Limited.	Sewer pipes rehabilitation works	Hong Kong Special Administrative Region	100	100
Cobiax Technologies AG[5] and its subsidiaries:	Construction technology company specialising in bi-axial lightweight slab system	Switzerland	90	90
Cobiax Technologies GmbH (Austria)[10]	Construction technology company specialising in bi-axial lightweight slab system	Republic of Austria	87	87
Cobiax Technologies Limited (UK)[10]	Construction technology company specialising in bi-axial lightweight slab system	United Kingdom	90	90
Cobiax Technologies GmbH (Germany)[10]	Construction technology company specialising in bi-axial lightweight slab system	Federal Republic of Germany	90	90
Cobiax Technologies (Asia) Pte Ltd[1]	General contractors and sub-contracting works	Singapore	90	–

7. Subsidiaries (Cont'd)

Name of subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2011 %	2010 %
Chang De Investment Private Limited ("Chang De")[1] and its subsidiaries:	Investment holding	Singapore	100	100
Suzhou Huisheng Construction Development Co., Ltd. ("Suzhou Huisheng")[6] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100
Jiangsu Huiyang Construction Development Co., Ltd.[7] and its subsidiary:	Property development	PRC	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[7]	Commercial property management and real estate mediatory services	PRC	55	55
Tianjin Zizhulin Development Co., Ltd.[8] and its subsidiaries:	Property development	PRC	80	80
Tianjin Tianmen Jinwan Property Development Co., Ltd. [8]	Property development	PRC	50	50
Tianjin Zizhulin Investment Co., Ltd.[8] and its subsidiaries:	Investment holding	PRC	66	66
Cangzhou Huashi Property Development Co., Ltd. ("Cangzhou Huashi")[8]	Property development	PRC	41	41
Tiong Seng (Tianjin) Project Management and Consultancy Co., Ltd.[8]	Construction project management	PRC	83	83
Tianjin Jiashi Asset Management Co., Ltd ("Jiashi")[8]	Asset management	PRC	66	–
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang") [8] and its subsidiary:	Property development	PRC	59	59
Ealdorman (Tianjin) Hotel Management Co., Ltd[8]	Clubhouse and consultancy services	PRC	59	–
Tiong Seng Properties (Private) Limited[1,9]	Investment holding	Singapore	100	100
Yuan Ching Development Pte Ltd[1]	Real estate development	Singapore	100	–

7. Subsidiaries (Cont'd)

1 Audited by KPMG LLP
2 Audited by KPMG Papua New Guinea
3 Audited by Ekpanya Consulting Co., Ltd., Laos
4 Audited by Fok Oi Leng & Co
5 Audited by KPMG AG
6 Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., PRC
7 Audited by Yangzhou Huicheng Union Certified Public Accountants, PRC
8 Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC
9 During the year, equity interest in Tiong Seng Properties (Private) Limited have been transferred from Tiong Seng Contractors to Chang De.
10 Not required to be audited in accordance with the law of the country of incorporation.

8. Associates and joint ventures

	Group 2011 $'000	Group 2010 $'000
Investments in associates	–	21
Investments in joint ventures	10,329	10,568
	10,329	10,589
Loan to a joint venture	5,271	–
	15,600	10,589

The loan to a joint venture is unsecured and bears interest from 1.58% to 1.62% (2010: Nil) per annum. The loan settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investments in the joint venture, it is stated at cost less impairment.

Details of the associates are as follows:

Name of associate	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2011 %	Effective equity interest held by the Group 2010 %
Fierce (Suzhou) Co., Ltd.	Advertising and related business	PRC	40	40
Tianjin Deqin Catering Investment Management Co., Ltd.[1] (Deqin)	Catering management, management consulting, and conference labour service	PRC	–	45

1 Deqin was struck off from the Register of Companies during the year.

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

8. Associates and joint ventures (Cont'd)

Details of the joint ventures are as follows:

Name of joint venture	Principal Activities	Country of incorporation/ operation	Effective equity interest held by the Group 2011 %	2010 %
Incorporated joint ventures				
Sindia Consortium Pte. Ltd.[1]	Other investment holdings	Singapore	25	25
Cesma-Hua Kok-Tiong Seng-Neo Construction (India) Private Limited[2]	Construction works	India	25	25
Feature (Balmoral) Pte. Ltd.[4]	Real estate development	Singapore	30	–
Unincorporated joint ventures				
Samsung-Tiong Seng Joint Venture (partnership)[1]	Building construction	Singapore	30	30
Kajima-Tiong Seng Joint Venture (partnership)[3]	Building construction	Singapore	40	40
Kajima-Tiong Seng Joint Venture (partnership)[3]	Construction works	Singapore	30	30
GS E&C – TSC JV (partnership)[4]	Construction works	Singapore	30	30
Samsung-Tiong Seng Joint Venture (partnership)[4]	Building construction	Singapore	45	45

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

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:

	2011 $'000	2010 $'000
Assets and liabilities		
Total assets	98	157
Total liabilities	(379)	(373)
Results		
Revenue	22	180
Expenses	(7)	(329)
Profit/(loss) after taxation	15	(149)

8. Associates and joint ventures (Cont'd)

There were no capital commitments and contingent liabilities as at 31 December 2011 and 2010.

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

	2011 $'000	2010 $'000
Assets and liabilities		
Total assets	126,956	95,187
Total liabilities	(116,627)	(84,619)
Results		
Revenue	26,488	141,208
Expenses	(1,699)	(121,542)
Profit before taxation	24,789	19,666
Income tax	(4,216)	(3,343)
Loss after taxation	20,573	16,323

There were no contingent liabilities as at 31 December 2011 and 2010. The Group's share of commitment has been included in note 28(a).

Details of significant judgement relating to revenue and cost recognition of construction contract are set out in note 21(a).

9. Trade and other receivables

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current					
Retention monies on construction contracts		10,421	10,404	–	–
Current					
Trade receivables		37,151	28,073	–	–
Less: Allowance for doubtful receivables	32(b)	(569)	(111)	–	–
		36,582	27,962	–	–
Advances to suppliers:					
- trade		1,991	332	–	–
- non-trade		141	163	–	–
Accrued receivables		42,881	34,058	–	–
Retention monies on construction contracts		33,159	35,128	–	–
Deposits and prepayments		9,388	4,937	16	20
Deposit placed for joint development project		1,020	977	–	–
Deposit pledged to a trust fund		–	977	–	–
Tax prepayments		353	701	–	–
Other receivables		2,566	1,899	–	–
		128,081	107,134	16	20
Total		138,502	117,538	16	20

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

In 2010, deposit pledged to a trust fund relates to deposits pledged to Northern International Trust & Investment Co., Ltd. ("NIT") for the setting up of a trust fund by NIT for the purpose of providing loans to a subsidiary, Guangang. This amount has been fully refunded in 2011.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 32.

10. Other investments

	Group 2011 $'000	Group 2010 $'000
Held-to-maturity		
Other investment, at cost	204	196
Club membership, at cost	285	285
	489	481
Available-for-sale financial assets		
Quoted equity investments, at fair value	47	87
Unquoted equity investments, at cost	8,640	10,004
Impairment losses	(2,949)	(3,930)
	5,691	6,074
Total	6,227	6,642

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

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

	Group 2011 $'000	Group 2010 $'000
At 1 January	3,930	3,930
Impairment loss utilised	(981)	–
At 31 December	2,949	3,930

11. Deferred tax assets and liabilities

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

	At 1 January 2010	Recognised in profit or loss (note 24)	At 31 December 2010, as previously reported	Adjustment to initial accounting for business combination (note 26)	At 31 December 2010, as restated	Recognised in profit or loss (note 24)	At 31 December 2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Property, plant and equipment	623	(623)	–	–	–	–	–
Investment properties	470	(46)	424	–	424	(78)	346
Other receivables	6	(6)	–	–	–	–	–
Profits on uncompleted projects	–	272	272	–	272	(272)	–
Trade and other payables	88	2	90	–	90	36	126
Provision for foreseeable losses	884	(884)	–	–	–	–	–
Estimated benefit on loss carry forward	208	1,801	2,009	4,241	6,250	810	7,060
Unutilised investment allowance	318	(318)	–	–	–	–	–
	2,597	198	2,795	4,241	7,036	496	7,532
Deferred tax liabilities							
Property, plant and equipment	–	(336)	(336)	–	(336)	(734)	(1,070)
Intangible assets	–	–	–	(1,392)	(1,392)	(14)	(1,406)
Other receivables	(241)	241	–	–	–	(279)	(279)
Profits on uncompleted projects	–	(165)	(165)	–	(165)	165	–
Trade and other payables	(46)	(247)	(293)	–	(293)	(550)	(843)
Unremitted earnings	(469)	(28)	(497)	–	(497)	164	(333)
	(756)	(535)	(1,291)	(1,392)	(2,683)	(1,248)	(3,931)

11. Deferred tax assets and liabilities (Cont'd)

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

	Group	
	2011 $'000	2010 $'000 (Restated)
Deferred tax assets	7,717	5,957
Deferred tax liabilities	(4,116)	(1,604)

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

	Group	
	2011 $'000	2010 $'000
Tax losses	18,715	13,528

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. Except for tax losses of $6,187,000 (2010: $4,145,000) which expire in 7 years, the remaining amount do not expire under their respective current tax legislation. 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 $24,230,000 (2010: $22,095,000) of certain overseas subsidiaries for the year ended 31 December 2011 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.

12. Inventories

	Group	
	2011 $'000	2010 $'000
Raw materials	1,193	933

In 2011, raw materials recognised as cost of sales amounted to $3,975,000 (2010: $1,312,000).

13. Construction work-in-progress

	Group 2011 $'000	Group 2010 $'000
Costs incurred	943,502	753,801
Attributable profits less recognised losses	93,423	67,183
	1,036,925	820,984
Progress billings	(977,573)	(807,738)
	59,352	13,246
Represented by:		
Construction work-in-progress	60,877	37,817
Progress billings in excess of construction work-in-progress	(1,525)	(24,571)
	59,352	13,246

The followings were capitalised in construction costs during the year:

	Group 2011 $'000	Group 2010 $'000
Depreciation of property, plant and equipment	3,066	5,175
Staff costs	37,758	25,815
	40,824	30,990

14. Development properties

	Group 2011 $'000	Group 2010 $'000
Completed properties held for sale	3,938	5,688
Properties under development	304,782	200,418
	308,720	206,106
Interest expense capitalised in development properties	11,947	5,198

All development properties are located in the PRC.

14. Development properties (Cont'd)

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 date. Any increase or decrease in the provision would affect profit or loss in future years.

Pledged of development properties

Certain development properties of the Group are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 20.

15. Amounts due from/(to) related parties

The loans to a non-controlling interest are secured, interest-free and are repayable on demand.

Amounts due from related parties

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Non-Current				
Trade amounts due from:				
- corporate shareholder	149	149	–	–
- joint ventures	751	4,154	–	–
- non-controlling interests	2,216	2,061	–	–
Retention monies due from joint ventures	–	104	–	–
	3,116	6,468	–	–

15. Amounts due from/(to) related parties (Cont'd)

Amounts due from related parties (Cont'd)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Non-trade amounts due from:				
- holding company	–	209	–	–
- affiliated corporations (net)	82	–	–	–
- joint ventures	5,197	4,615	–	–
- non-controlling interests	12,951	14,031	–	–
- a subsidiary	–	–	42,326	2,976
	18,230	18,855	42,326	2,976
Dividend receivable from a subsidiary	–	–	11,000	14,000
Loans to a non-controlling interest	1,837	1,956	–	–
	1,837	1,956	11,000	14,000
Total amounts due from related parties	23,183	27,279	53,326	16,976

An affiliated corporation is defined as one:

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

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

The non-trade amounts due from holding company, affiliated corporations, joint ventures and a subsidiary are unsecured, interest-free and repayable on demand.

The non-trade amounts due from non-controlling interests are unsecured, interest-free and repayable on demand except for amounts of $12,039,000 (2010: $13,613,000) which are secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests.

The loans to a non-controlling interest are secured, interest-free, and are repayable on demand.

15. Amounts due from/(to) related parties (Cont'd)

Amounts due to related parties (Cont'd)

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current				
Trade amounts due to:				
- a corporate shareholder	(40)	(97)	–	–
- an affiliated corporation	(1,320)	(459)	–	–
	(1,360)	(556)	–	–
Non-trade amounts due to:				
- non-controlling interests	(2,040)	(5,418)	–	–
- an affiliated corporation	–	(222)	–	–
- a subsidiary	–	–	–	(3,022)
- joint ventures	(4,301)	(4,301)	–	–
	(6,341)	(9,941)	–	(3,022)
Loans from:				
- an affiliated corporation	–	(2,542)	–	–
- non-controlling interests	(12,652)	(4,433)	–	–
	(12,652)	(6,975)	–	–
Total amounts due to related parties	(20,353)	(17,472)	–	(3,022)

The non-trade amounts due to non-controlling interests totalling $2,040,000 (2010: $2,933,000) relate to the outstanding consideration payable for the acquisition of Cangzhou Huashi, which is unsecured, interest-free and repayable on demand.

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

The loans from an affiliated corporation totalling $2,542,000 in year 2010 were unsecured and bear interest at an effective rate of 8% per annum. In 2011, the loans were repaid to affiliated corporation.

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

16. Cash and cash equivalents

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Cash at banks and in hand		62,607	77,748	6,183	44,565
Fixed deposits		17,238	8,799	–	–
		79,845	86,547	6,183	44,565
Bank overdrafts	20	(693)	(977)		
		79,152	85,570		
Deposits pledged		(17,148)	(1,200)		
Cash and cash equivalents in the consolidated statement of cash flows		62,004	84,370		

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.48% (2010: 0.55%) per annum.

The deposits were pledged as security to obtain bank loans (note 20).

17. Share capital

	Company 2011 No of shares	Company 2011 $'000	Company 2010 No of shares	Company 2010 $'000
Issued and fully paid ordinary, with no par value				
At 1 January	766,039,750	154,552	1	–*
Issue of shares:				
- Restructuring exercise	–	–	1,027,264	99,836
- Sub-division of shares	–	–	563,968,485	–
- Initial Public Offering	–	–	201,044,000	54,716
	766,039,750	154,552	766,039,750	154,552

* Less than $1,000.

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.

17. Share capital (Cont'd)

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2011 was 13.2% (2010: 16.0%). The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

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

Dividends

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

	Group and Company	
	2011	**2010**
	$'000	**$'000**
1 cent per ordinary share	7,660	–

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

	Group and Company	
	2011	**2010**
	$'000	**$'000**
1 cent per ordinary share	7,660	–

18. Reserves

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Merger reserve	(77,720)	(77,720)	(45,850)	(45,850)
Capital reserve	(179)	(179)	–	–
Statutory reserve	3,442	3,442	–	–
Fair value reserve	22	67	–	–
Foreign currency translation reserve	256	(5,270)	–	–
	(74,179)	(79,660)	(45,850)	(45,850)

Merger reserve

Group

The merger reserve represents the difference between the cost of the acquisition for the restructuring and the value of share capital of the entities acquired.

Company

The merger reserve represents the difference between the cost of acquisition of the Tiong Seng Contractors combined group, recorded in accordance with FRS 27.38B, and the paid up capital of the Company issued for the acquisition.

Capital reserve

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

Statutory reserve

The Group follows the accounting principles and relevant financial regulations of the PRC applicable to sino-foreign equity joint venture enterprises ("PRC GAAP – EJV"), wholly foreign-owned enterprises ("PRC GAAP - WFOE") or enterprises established in the PRC ("PRC GAAP") in the preparation of the accounting records and financial statements. Pursuant to accounting regulations for sino-foreign equity joint venture enterprises (中华人民共和国中外合资经营企业法实施条例), sino-foreign equity joint venture enterprises ("EJV") are required to appropriate profit to the statutory reserve. Appropriation to the statutory reserve is determined by the board of directors based on the profit arrived at in accordance with PRC GAAP – EJV for each year.

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

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.

18. Reserves (Cont'd)

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.

19. Trade and other payables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current				
Retention sums payable	7,417	6,375	–	–
Current				
Trade payables	48,235	16,261	–	–
Accrued trade payables	96,461	87,719		
Accrued operating expenses and other payables	34,441	28,411	2,141	1,692
Receipts in advance	16,910	50,318	–	–
Retention sums payable	20,261	16,699	–	–
	216,308	199,408	2,141	1,692
Total	223,725	205,783	2,141	1,692

Included in accrued operating expenses and other payables are accruals for resettlement costs of $16,945,000 (2010: $16,026,000).

Included in receipts in advance as at 31 December 2011 were instalments of sales proceeds received from buyers of $13,198,000 (2010: $49,551,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

20. Loans and borrowings

	Note	Group 2011 $'000	Group 2010 $'000
Non-current			
Secured bank loans		87,736	4,764
Secured loan from a financial institution		–	39,110
Finance lease liabilities		70	76
		87,806	43,950
Current			
Secured bank overdrafts	16	693	977
Secured bank loans		39,241	12,021
Secured loan from a financial institution		71,412	–
Finance lease liabilities		57	126
Unsecured loans from business associates		1,327	–
		112,730	13,124
Total loans and borrowings		200,536	57,074
Maturities of liabilities (excluding finance lease liabilities)			
Within 1 year		112,673	12,998
After 1 year but within 5 years		87,736	41,764
After 5 years		–	2,110
		200,409	56,872

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

	Group 2011 $'000	Group 2010 $'000
Carrying amounts of assets:		
Leasehold land	5,111	5,216
Leasehold properties	8,926	9,231
Investment properties	1,013	906
Development properties	20,119	19,281
Plant and machinery	3,585	904
Deposits pledged	17,148	1,200
Total	55,902	36,738

The secured bank loans and secured bank overdrafts are also secured by assignment of rights, interests and benefits in connection with construction contracts.

20. Loans and borrowings (Cont'd)

Secured loan from a financial institution

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements (the "First Agreements"), the shareholders of Guangang pledged their equity interests as well as the shareholders' loan of RMB62,000,000 (approximately $12,763,000) to NIT as a form of security for loans up to RMB300,000,000 (approximately $61,755,000) to Guangang for a tenure of 24 months. The terms and conditions of the Agreements provides that NIT will transfer the shares back to the shareholders at no consideration upon the repayment of loan and relevant interest payable by Guangang to NIT on or before November 2012. Notwithstanding this, Guangang remained as a subsidiary of the Group.

Pursuant to a loan agreement dated 17 March 2011 and the shareholding entrusted agreement (the "Second Agreements"), the shareholders of Jiashi pledged their security interest to NIT as a form of security for loans up to RMB70,000,000 (approximately $14,283,000) to Jiashi for a tenure of 12 months. The terms and conditions of the Agreements provide that NIT will transfer the share back to the shareholders at no consideration upon the repayment of loan and relevant interest payable by NIT on March 2012. Notwithstanding this, Jiashi remained as a subsidiary of the Group.

Unsecured loans from business associates

In 2011, subsidiaries of the Group entered into certain unsecured loans arrangements with its business associates. The unsecured loans from business associates are repayable on demand and interest-free, except for an amount of $102,000 which bears interest rate of 10% per annum.

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
Group				
At 31 December 2011				
Secured bank loans	RMB	5.81 – 8.80	2012 - 2017	28,811
Secured bank loans	SGD	1.32 – 5.25	2012 – 2030	98,166
Secured bank overdrafts	CHF	4.75	2012	693
Secured loan from a financial institution	RMB	15.00	2012	71,412
Unsecured loan from business associate	RMB	10.00	2012	102
Unsecured loan from business associate	RMB	Nil	2012	1,225
Finance lease liabilities	SGD	2.01 – 10.56	2012 - 2016	127
Total loans and borrowings				200,536
At 31 December 2010				
Secured bank loans	RMB	6.98 - 7.32	2011	6,845
Secured bank loans	SGD	1.32 - 5.25	2011 - 2030	9,940
Secured bank overdrafts	SGD	1.00	2011	977
Secured loan from a financial institution	RMB	15.00	2012	39,110
Finance lease liabilities	SGD	2.01- 9.53	2011 - 2014	202
Total loans and borrowings				57,074

20. Loans and borrowings (Cont'd)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2011			
Within 1 year	57	6	63
After 1 year but within 5 years	70	5	75
	127	11	138
At 31 December 2010			
Within 1 year	126	9	135
After 1 year but within 5 years	76	7	83
	202	16	218

21. Revenue

(a) Revenue and costs recognition from construction contracts

The Group recognises contract revenue based on the stage of completion method. Significant judgement is required in determining the stage of completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

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

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

(b) Revenue from sales of development properties

The Group has recognised revenue from the sale of development properties when the risks and rewards of ownership have been transferred to the buyer. The assessment of the transfer of significant risks and rewards requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

22. Profit before income tax

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

		Note	Group 2011 $'000	Group 2010 $'000 (Restated)
(a)	**Other income**			
	Business tax incentive		1,574	1,546
	Fees from project management		4,071	258
	Gain on disposal of:			
	- investment properties		1,061	649
	- other investment		636	–
	- property, plant and equipment		142	187
	- scrap parts and materials		295	44
	Gain from sales of parking lots		937	613
	Government grant – jobs credit scheme		–	175
	Gain on bargain purchase arising from acquisition of a subsidiary	26	–	9,930
	Others		530	516
			9,246	13,918
(b)	**Other expenses includes**			
	Direct operating expenses arising from rental of investment properties, plant and machinery		1,064	265
	Impairment losses on:			
	- trade receivables	32(b)	458	–
	- other investments		–	33
	Initial public offering expenses		–	599
	Loss on disposal of investment in an associate		18	–
	Operating lease expenses		801	726
	Reversal of provision for claims		–	(791)
	Write off of intangible assets		–	112
	Non-audit fees paid and payable to:			
	- auditors of the Company		117	74
	- other auditors		74	11

22. Profit before income tax (Cont'd)

	Note	Group 2011 $'000	Group 2010 $'000
(c) Staff costs			
Wages and salaries for staff		53,295	35,945
Contribution to defined contribution plans		1,255	1,697
Increase in liability for short-term accumulating compensated absence		63	154
Others		1,112	1,193
Staff costs for the year		55,725	38,989
The staff costs charged to profit or loss are arrived at as follows:			
Staff costs for the year		55,725	38,989
Staff costs capitalised in construction work-in-progress	13	(37,758)	(25,815)
Staff costs charged to profit or loss		17,967	13,174

23. Finance income and costs

	Group 2011 $'000	Group 2010 $'000
Recognised in profit or loss		
Dividend income from available-for-sale financial assets	3	3
Interest income on:		
- cash and cash equivalents	301	436
- loan to a non-controlling interest	–	70
- other investment	43	2
Accretion of discount implicit in retention sum receivables	1,588	994
Exchange gain (net)	1,159	–
Implicit interest in retention sum payables	408	501
Finance income	3,502	2,006
Interest expense on:		
- bank loans	(633)	(585)
- bank overdrafts	(1)	(42)
- finance leases	(10)	(20)
- loan from a financial institution	(319)	(248)
- loan from a corporate shareholder	(91)	–
- loan from an affiliated corporation	–	(228)
- loan from a non-controlling interest	(190)	–
- notes payable	–	(20)
Accretion of implicit interest in retention sum payables	(292)	(643)
Discount implicit in retention sum receivables	(1,515)	(934)
Exchange loss (net)	–	(962)
Finance costs	(3,051)	(3,682)

23. Finance income and costs (Cont'd)

	Group 2011 $'000	Group 2010 $'000
Net finance costs recognised in profit or loss	451	(1,676)
The above finance income and finance costs 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	344	508
- Total interest expenses on financial liabilities	(1,244)	(1,143)

24. Income tax expense

	Group 2011 $'000	Group 2010 $'000 (Restated)
Current tax		
Current year	5,153	3,125
Land appreciation tax	1,760	1,795
Under/(over) provision in prior years	3,213	(1,520)
	10,126	3,400
Deferred tax		
Origination and reversal of temporary differences	1,222	492
Over provision in prior years	(470)	(255)
	752	237
Total income tax expense	10,878	3,637

Reconciliation of effective tax rate

	Group 2011 $'000	Group 2010 $'000 (Restated)
Profit before income tax	37,804	34,441
Less: Share of profit of associates and joint ventures, net of tax	(20,579)	(16,272)
Profit before income tax excluding share of results of associates and joint ventures	17,225	18,169
Income tax expenses using domestic rates applicable to different jurisdictions	2,785	2,744
Expenses not deductible for tax purposes	4,918	1,476
Income not subject to tax	(1,964)	(2,016)
Deferred tax benefits not recognised	1,161	1,486
Tax incentives	(496)	(213)
Effect of land appreciation tax	1,320	1,346
Under/(Over) provision in prior years:		
- current tax	3,213	(1,520)
- deferred tax	(470)	(255)
Others	411	589
	10,878	3,637

24. Income tax expense (Cont'd)

Land appreciation tax

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

Income and revenue taxes

The Group is subject to income, revenue and withholding 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 allowance amounted to $2,089,000 (2010: $650,000) was granted to the Company in respect of capital expenditure on approved construction equipment, under Section 67 of the Economic Expansion Incentives (Relief from Income Tax) Act.

In 2011, productivity and innovation tax credit amounted to $827,000 (2010: $600,000) was granted to a subsidiary.

25. Earnings per share

	Group	
	2011 **$'000**	**2010** **$'000** **(Restated)**
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	27,176	28,835

	2011 **Number of shares** **'000**	**2010** **Number of shares** **'000**
Ordinary shares at 1 January	766,040	564,996
Effects of shares issued in April 2010	–	150,783
Weighted average number of ordinary shares at 31 December	766,040	715,779

There were no dilutive potential ordinary shares in existence for the financial year ended 31 December 2011 and 2010.

26. Acquisitions of a subsidiary

In August 2010, the Group acquired 90% of interest in Cobiax for a cash consideration of $665,000. As at 31 December 2010, the fair value of identifiable assets and liabilities were determined on a provisional basis as the Group is still the in process of performing PPA exercise.

In 2011, the PPA exercise was completed. The following summarises the major classes of consideration transferred, and the recognised amounts of the assets acquired and liabilities assumed at the acquisition date:

	$'000 (Restated)
Consideration transferred	
Cash	665
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	581
Intangible assets	8,623
Deferred tax assets	5,172
Deferred tax liabilities	(1,492)
Inventories	787
Trade receivables and other receivables	1,822
Cash and cash equivalents	288
Loans and borrowings	(198)
Trade and other payables	(3,811)
Total identifiable net assets	11,772

Bargain purchase gain

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

	$'000 (Restated)
Total consideration transferred	665
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	1,177
Fair value of identifiable net assets	(11,772)
Gain on bargain purchase recognised in profit or loss	(9,930)

27. Operating segments

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

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

Other operations include general corporate activities.

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

Information about reportable segments

	Construction $'000	Property development $'000	Rental $'000	Sales of goods $'000	Segments total $'000	Others * $'000	Total $'000
31 December 2011							
External revenues	350,685	53,828	1,192	8,806	414,511	–	414,511
Interest income	71	226	–	47	344	–	344
Interest expenses	(551)	(273)	–	(93)	(917)	(327)	(1,244)
Depreciation and amortisation	(4,228)	(88)	(629)	(1,891)	(6,836)	(116)	(6,952)
Reportable segment profit before income tax	27,012	433	563	(3,612)	24,396	(7,171)	17,225
Share of profit of associates and joint ventures, net of tax	20,582	(3)	–	–	20,579	–	20,579
Profit before income tax							37,804
Income tax expense							(10,878)
Profit for the year							26,926
Reportable segment assets	269,969	367,412	20,231	16,521	674,133	31,290	705,423
Investment in associates and joint ventures	10,069	5,531	–	–	15,600	–	15,600
Total assets							721,023
Reportable segment liabilities	202,180	249,168	–	5,551	456,899	9,493	466,392
Capital expenditure	24,210	188	–	1,062	25,460	229	25,689

27. Operating segments (Cont'd)

	Construction $'000	Property development $'000	Rental $'000	Sales of goods $'000	Segments total $'000	Others * $'000	Total $'000
31 December 2010							
External revenues	226,785	22,885	955	1,679	252,304	–	252,304
Interest income	–	153	–	261	414	94	508
Interest expenses	(540)	(497)	–	(106)	(1,143)	–	(1,143)
Depreciation and amortisation	(7,349)	(106)	(663)	(644)	(8,762)	(63)	(8,825)
Reportable segment profit before income tax	12,302	5,171	298	5,724	23,495	(5,326)	18,169
Share of profit of associates and joint ventures, net of tax	16,323	–	–	–	16,323	(51)	16,272
Profit before income tax							34,441
Income tax expense							(3,637)
Profit for the year							30,804
Other material non-cash items:							
- Gain on bargain purchase arising from acquisition of a subsidiary	–	–	–	9,930	9,930	–	9,930
Reportable segment assets	204,128	253,828	21,006	16,718	495,680	52,967	548,647
Investment in associates and joint ventures	10,568	–	–	–	10,568	21	10,589
Total assets							559,236
Reportable segment liabilities	162,541	157,379	–	5,799	325,719	3,286	329,005
Capital expenditure	14,021	183	380	249	14,833	317	15,150

* General corporate activities

27. Operating segments (Cont'd)

Geographical segments

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

	Group	
	2011 $'000	2010 $'000
Revenue from external customers		
Singapore	346,904	215,001
PRC	54,570	23,428
PNG	4,462	12,184
Europe	8,575	1,679
Other countries	–	12
	414,511	252,304

	Group	
	2011 $'000	2010 $'000 (Restated)
Non-current assets*		
Singapore	47,998	27,065
PRC	18,591	19,225
PNG	4,629	4,847
Europe	7,941	8,691
Investment in associates and joint ventures	15,600	10,589
	94,759	70,417

* The non-current assets presented consist of property, plant and equipment, intangible assets and investment properties.

27. Operating segments (Cont'd)

Major customers

During the financial years ended 31 December 2011 and 2010, revenue from certain customers (named alphabetically A to F) of the Group's construction segment represent approximately $284,392,000 and $200,504,000 respectively. The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2011		2010	
	$'000	%	$'000	%
Customer A	–	–	22,942	10
Customer B	140,687	40	44,890	20
Customer C	–	–	78,803	35
Customer D	38,284	11	53,869	24
Customer E	68,153	19	–	–
Customer F	37,268	11	–	–
Total	284,392	81	200,504	89

28. Commitments

(a) Commitments

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

	Group	
	2011 $'000	2010 $'000
Developmental costs contracted but not provided for:		
- subsidiaries	44,316	4,697
- a joint venture	38,070	–
Purchase of plant and equipment and intangible assets	835	3,656
	83,221	8,353

(b) Operating lease commitments

At the reporting date, the Group has the following future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2011 $'000	2010 $'000
Within 1 year	299	1,777
After 1 year but within 5 years	414	384
After 5 years	94	182
	807	2,343

The Group leases two pieces of land under operating leases. The leases run for a period of 10 years, with an option to renew the lease at the end of lease period. Lease payments are fixed at the commencement of the lease agreements.

29. Financial guarantee contracts

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

	Group	
	2011 $'000	2010 $'000
Financial guarantees given to banks for mortgage facilities granted to buyers of the Group's properties (unsecured)	3,024	33,554

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

The directors of the Group are of the opinion that such settlements provide sufficient evidence of the buyers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experience, there were no significant defaults of mortgage facilities by the buyers which resulted in the bank guarantees being called upon. Accordingly, the directors believe that significant risks and rewards associated with the ownership of the properties have been transferred to the buyers.

(b) Guaranteed performance bonds

The Company and a subsidiary have provided guarantee for performance bonds of $161,952,000 (2010: $100,427,000) provided by banks.

(c) Financial guarantees given by the Company in respect of banking facilities provided to subsidiaries

The Company issued financial guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) granted to subsidiaries of the Group amounting to $445,814,000 (2010: $248,693,000). As at 31 December 2011, $205,679,000 (2010: $98,132,000) of the banking facilities was utilised.

30. Related parties

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

(a) 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.

30. Related parties

(a) Key management personnel compensation

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

	Group	
	2011	**2010**
	$'000	**$'000**
Short-term employee benefits	4,173	3,734
Post-employment benefits	102	112
Others	216	135
	4,491	3,981
Directors' fees:		
- Directors of the Company:		
- Payable by the Company	490	490
- Payable by the subsidiaries	–	84
- Directors of the subsidiaries	–	226
	490	800

(b) Significant transactions with related parties

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

	Group	
	2011	2010
	$'000	**$'000**
A corporate shareholder		
Rental fee paid and payable for parking lots	(330)	(383)
Rental fee paid and payable for land	(524)	(429)
Charges on usage of utilities	(36)	(6)
Jointly controlled entities		
Revenue from construction contracts	2,622	1,380
Sales of used equipment and material	–	108
Affiliated corporations		
Hiring charges	(5,898)	(1,306)
Interest paid and payable	(90)	(491)
Purchase of machinery	(28)	(18)
Non-controlling interests		
Development cost paid and capitalised in development properties	(414)	(556)
Interest income on loan	–	54

30. Related parties (Cont'd)

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

At 31 December 2011 and 2010, interest paid and payable to an affiliated corporation by the Group is capitalised in development properties as the interest and related loans from the affiliated corporation are directly attributable to the acquisition and construction of the related developmental properties for the Group's developmental project in the PRC.

31. Share award scheme

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

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

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

32. Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk
- insurance risk

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

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 risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

32. Financial risk management (Cont'd)

(a) Introduction and overview (Cont'd)

Risk management framework (Cont'd)

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

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

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

Except for intra-group financial guarantee given by the Company and a subsidiary as set out in note 29, the Group and the Company does not provide any guarantees which would expose the Group or the Company to credit risk. The maximum exposure of the Company and a subsidiary in respect of the intra-group financial guarantee at the end of the reporting period is $121,430,000 (2010: $150,561,000) if the facility is drawn down by the subsidiaries.

Trade and other receivables

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate as these factors may have an influence on credit risk. Approximately 97% (2010: 95%) of the Group's revenue is attributable to transactions in Singapore and the PRC. 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.

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

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

32. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Trade and other receivables (Cont'd)

Credit risk concentration profile

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

	Group			
	2011		2010	
	$'000	%	$'000	%
By country:				
Singapore	33,748	92.3	25,652	91.7
PRC	1,395	3.7	1,416	5.1
PNG	27	0.1	22	0.1
Europe	1,412	3.9	872	3.1
Total	36,582	100.0	27,962	100.0

	Group			
	2011		2010	
	$'000	%	$'000	%
By industry sectors:				
Construction	33,746	92.2	25,674	91.8
Property development	1,395	3.8	1,416	5.1
Sales of goods	1,441	4.0	872	3.1
Total	36,582	100.0	27,962	100.0

The Group's top three (2010: three) most significant customers account for $17,365,000 of the trade receivables carrying amount at 31 December 2011 (2010: $17,247,000).

Impairment losses

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

	2011		2010	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Group				
Not past due	33,705	–	24,095	–
Past due 0 – 30 days	675	–	1,123	–
Past due 31 – 60 days	512	–	1,503	–
More than 60 days	2,259	569	1,352	111
	37,151	569	28,073	111

32. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

Impairment losses (Cont'd)

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

Based on historical default rates, the Group believes that no additional impairment is necessary.

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables, trade amounts due from joint ventures and investments. The component of this allowance is for specific loss that relates to individually significant exposures. As at 31 December 2011, the Group and the Company does not have any collective impairment on its loans and receivables.

The change in allowances for doubtful debts in respect of trade receivables during the year is as follows:

	Group	
	2011 $'000	2010 $'000
At 1 January	111	80
Acquisition through business combination	–	116
Provision made	458	–
Provision utilised	–	(85)
At 31 December	569	111

Cash and cash equivalents

The Group held cash and cash equivalents of $79,845,000 as at 31 December 2011 (2010: $86,547,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring acceptable losses or risking damage to the Group's reputation.

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.

32. Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

Management of liquidity risk (Cont'd)

At 31 December 2011, the Group maintains the following lines of credit:

- $8,084,000 (2010: $17,137,000) are secured overdraft facilities that are secured of which $693,000 (2010: $977,000) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and
- $186,198,000 (2010: $30,900,000) that can be drawn down to meet short-term financing needs. An amount of $95,499,000 (2010: $634,000) has been drawn down at the reporting date.

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

Exposure to liquidity risk

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

			Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
Group					
At 31 December 2011					
Trade and other payables					
Trade payables	48,235	48,235	48,235	–	–
Accrued trade payables	96,461	96,461	96,461	–	–
Accrued operating expenses and other payables	34,441	34,441	34,441	–	–
Retention sums payable	27,678	28,945	21,011	7,934	–
Loans and borrowings					
Secured bank loans	126,977	141,475	39,798	91,940	9,737
Secured loan from a financial institution	71,412	80,472	80,472	–	–
Secured bank overdrafts	693	693	693	–	–
Finance lease liabilities	127	138	63	75	–
Unsecured loan from business associates	1,327	1,327	1,327	–	–
Amounts due to related parties	20,353	20,353	20,353	–	–
Recognised financial liabilities	427,704	452,540	342,854	99,949	9,737

32. Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

Exposure to liquidity risk (Cont'd)

	Carrying amount	Contractual cash flows	Cash flows: Within 1 year	Cash flows: Within 1 to 5 years	Cash flows: More than 5 years
	$'000	$'000	$'000	$'000	$'000
At 31 December 2010					
Trade and other payables					
Trade payables	16,261	16,261	16,261	–	–
Accrued trade payables	87,719	87,719	87,719	–	–
Accrued operating expenses and other payables	28,411	28,411	28,411	–	–
Retention sums payable	23,074	23,124	16,699	6,425	–
Loans and borrowings					
Secured bank loans	16,785	17,586	12,270	2,779	2,537
Secured loan from a financial institution	39,110	50,843	–	50,843	–
Secured bank overdrafts	977	977	977	–	–
Finance lease liabilities	202	218	135	83	–
Amounts due to related parties	17,472	17,472	17,472	–	–
Recognised financial liabilities	230,011	242,611	179,944	60,130	2,537

Company

	Carrying amount	Contractual cash flows	Cash flows: Within 1 year	Cash flows: Within 1 to 5 years	Cash flows: More than 5 years
	$'000	$'000	$'000	$'000	$'000
At 31 December 2011					
Trade and other payables					
Accrued operating expenses and other payables	2,141	2,141	2,141	–	–
Recognised financial liabilities	2,141	2,141	2,141	–	–
At 31 December 2010					
Trade and other payables					
Accrued operating expenses and other payables	1,692	1,692	1,692	–	–
Amounts due to related parties	3,022	3,022	3,022	–	–
Recognised financial liabilities	4,714	4,714	4,714	–	–

32. Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

Exposure to liquidity risk (Cont'd)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
2011				
Financial guarantees	102,058	56,461	6,457	164,976
2010				
Financial guarantees	83,171	50,810	–	133,981
Company				
2011				
Financial guarantees	114,402	91,277	–	205,679
2010				
Financial guarantees	57,144	40,988	–	98,132

(d) Market risk

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

Interest rate risk

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

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

	2011 $'000	2010 $'000
Group		
Variable rate instruments		
Interest bearing loans and borrowings	98,584	7,382

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Financial risk management (Cont'd)

(d) Market risk (Cont'd)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bp in interest rates at the reporting dates would have increased (decreased) profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss	
	100 bp Increase $'000	100 bp Decrease $'000
Group		
2011		
Variable rate instruments	(986)	986
2010		
Variable rate instruments	(74)	74

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

32. Financial risk management (Cont'd)

(d) Market risk (Cont'd)

Exposure to currency risk

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

	USD $'000	RMB $'000	SGD $'000	EURO $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2011							
Trade and other receivables	16	6,979	127,928	943	467	2,169	138,502
Amounts due from related parties	–	16,771	6,098	–	–	314	23,183
Cash and cash equivalents	16	34,142	39,341	144	6	6,196	79,845
Trade and other payables	–	(57,622)	(158,537)	(2,569)	(1,116)	(3,881)	(223,725)
Loans and borrowings	–	(101,549)	(98,294)	–	(693)	–	(200,536)
Amounts due to related parties	–	(14,665)	(5,660)	–	(28)	–	(20,353)
Net financial (liabilities)/assets	32	(115,944)	(89,124)	(1,482)	(1,364)	4,798	(203,084)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	–	133,682	78,511	12,222	4,471	(4,714)	224,172
Net currency exposure	32	17,738	(10,613)	10,740	3,107	84	21,088
At 31 December 2010							
Trade and other receivables	78	4,823	109,326	937	220	2,154	117,538
Amounts due from related parties	–	19,046	8,233	–	–	–	27,279
Cash and cash equivalents	5,198	19,544	56,273	1,640	344	3,548	86,547
Trade and other payables	–	(93,190)	(107,709)	(1,906)	(1,385)	(1,593)	(205,783)
Loans and borrowings	–	(45,954)	(10,143)	–	(977)	–	(57,074)
Amounts due to related parties	–	(12,476)	(4,858)	(2)	(136)	–	(17,472)
Net financial (liabilities)/assets	5,276	(108,207)	51,122	669	(1,934)	4,109	(48,965)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	–	109,531	(59,617)	15,587	2,766	(3,999)	64,268
Net currency exposure	5,276	1,324	(8,495)	16,256	832	110	15,303

Sensitivity analysis

A 10 percent strengthening of the Singapore dollar against the following currencies at the respective reporting dates would have increased (decreased) profit before tax by the amounts shown below. There is no material effect to the equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

32. Financial risk management (Cont'd)

(d) Market risk (Cont'd)

Sensitivity analysis (Cont'd)

	Profit or loss (Pre-tax) $'000
2011	
USD	(3)
RMB	(1,774)
SGD	1,061
EURO	(1,074)
CHF	(311)
Others	(8)
2010	
USD	(528)
RMB	(132)
SGD	849
EURO	(1,626)
CHF	(83)
Others	(11)

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

(e) Insurance risk

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

See note 29 for information on the periods in which the financial guarantees will expire and the contractual undiscounted cash flow in respect of the financial guarantees.

(f) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

32. Financial risk management (Cont'd)

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

Equity securities

The fair value of quoted equity securities is determined by reference to their quoted closing bid prices at the reporting date, of if unquoted, determined using a valuation technique. In determining the fair value, the Group has estimated the net asset value as at each reporting date, and adjusted for market conditions existing at each reporting date.

Non-derivative financial liabilities

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

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. This fair value is determined for disclosure purposes.

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2011				
Quoted equity securities	47	–	–	47
Unquoted equity securities	–	–	5,691	5,691
	47	–	5,691	5,738
31 December 2010				
Quoted equity securities	87	–	–	87
Unquoted equity securities	–	–	6,074	6,074
	87	–	6,074	6,161

32. Financial risk management (Cont'd)

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

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Unquoted equity securities 2011 $'000
31 December 2011	
Balance at 1 January	6,074
Disposal during the year	(383)
Balance at 31 December	5,691

Impact of changes to key assumptions in level 3 financial instruments

An analysis of the effect of changing one or more inputs to reasonably possible alternative assumptions that have not been presented as such an effect would not have resulted in significant changes to the fair value of the Group's unquoted equity security.

Accounting classifications and fair values

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

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Group							
31 December 2011							
Assets							
Trade and other receivables*	9	126,629	–	–	–	126,629	126,629
Amounts due from related parties	15	23,183	–	–	–	23,183	23,183
Other investments:							
- Club membership	10	–	–	285	–	285	285
- Unit trust	10	–	–	204	–	204	204
- Quoted equity instruments	10	–	47	–	–	47	47
- Unquoted equity instruments	10	–	5,691	–	–	5,691	5,691
Cash and cash equivalents	16	79,845	–	–	–	79,845	79,845
		229,657	5,738	489	–	235,884	235,884
Liabilities							
Amounts due to related parties	15	–	–	–	(20,353)	(20,353)	(20,353)
Trade and other payables#	19	–	–	–	(206,815)	(206,815)	(206,815)
Loans and borrowings	20	–	–	–	(200,536)	(200,536)	(194,607)
		–	–	–	(427,704)	(427,704)	(421,775)

32. Financial risk management (Cont'd)

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

Accounting classifications and fair values (Cont'd)

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
31 December 2010							
Assets							
Trade and other receivables*	9	111,405	–	–	–	111,405	111,405
Amounts due from related parties	15	27,279	–	–	–	27,279	27,279
Other investments:							
- Club membership	10	–	–	285	–	285	285
- Unit trust	10	–	–	196	–	196	196
- Quoted equity instruments	10	–	87	–	–	87	87
- Unquoted equity instruments	10	–	6,074	–	–	6,074	6,074
Cash and cash equivalents	16	86,547	–	–	–	86,547	86,547
		225,231	6,161	481	–	231,873	231,873
Liabilities							
Amounts due to related parties	15	–	–	–	(17,472)	(17,472)	(17,472)
Trade and other payables#	19	–	–	–	(155,465)	(155,465)	(155,465)
Loans and borrowings	20	–	–	–	(57,074)	(57,074)	(63,416)
		–	–	–	(230,011)	(230,011)	(236,353)

* Excluded tax prepayments, deposits and prepayments and advances to suppliers
\# Excluded receipts in advance

32. Financial risk management (Cont'd)

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

Accounting classifications and fair values (Cont'd)

	Note	Loans and receivables $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Company					
31 December 2011					
Assets					
Trade and other receivables	9	16	–	16	16
Amounts due from related parties	15	53,326	–	53,326	53,326
Cash and cash equivalents	16	6,183	–	6,183	6,183
		59,525	–	59,525	59,525
Liabilities					
Trade and other payables	19	–	(2,141)	(2,141)	(2,141)
31 December 2010					
Assets					
Trade and other receivables	9	20	–	20	20
Amounts due from related parties	15	16,976	–	16,976	16,976
Cash and cash equivalents	16	44,565	–	44,565	44,565
		61,561	–	61,561	61,561
Liabilities					
Amounts due to related parties	15	–	(3,022)	(3,022)	(3,022)
Trade and other payables	19	–	(1,692)	(1,692)	(1,692)
		–	(4,714)	(4,714)	(4,714)

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:

	2011 %	2010 %
Loans and borrowings	5.38 – 6.65	5.38-5.60
Retention monies on construction contracts	5.92 – 8.75	5.75
Retention sums payable	5.92 – 8.75	5.75

33. Subsequent events

In March 2012, a new wholly owned subsidiary, Suzhou Changhe Investment and Development Co., Ltd. ("Changhe"), was incorporated in the People's Republic of China with a registered capital of RMB 420 million. The intended principal activity of Changhe is that of property development.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2012

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1	0.05	10	0.00
1,000 – 10,000	553	28.19	3,935,110	0.51
10,001 – 1,000,000	1,363	69.47	116,430,980	15.20
1,000,001 and above	45	2.29	645,673,650	84.29
TOTAL	1,962	100.00	766,039,750	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	TIONG SENG SHAREHOLDINGS PTE LTD	451,996,600	59.00
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	55,017,200	7.18
3	WAN SENG ENTERPRISES PTE LTD	21,220,650	2.77
4	SHINGDA CONSTRUCTION PTE LTD	12,727,000	1.66
5	DBS NOMINEES PTE LTD	7,968,000	1.04
6	PECK KHEE SONG @ PECK AH TEE	7,107,000	0.93
7	PEK AH TUAN	6,008,200	0.78
8	LEE KHAR HOON	5,500,000	0.72
9	LEE KENG LAN	4,808,600	0.63
10	PAY KIAN MENG GILBERT	4,120,000	0.54
11	CITIBANK NOMINEES SINGAPORE PTE LTD	3,662,000	0.48
12	UOB KAY HIAN PTE LTD	3,557,000	0.46
13	LEE HONG CHUAN	3,300,000	0.43
14	DBS VICKERS SECURITIES (S) PTE LTD	2,994,000	0.39
15	ANDREW KHNG	2,929,300	0.38
16	HENG SIEW ENG	2,749,000	0.36
17	MAYBANK KIM ENG SECURITIES PTE LTD	2,669,000	0.35
18	LIM KIM ENG	2,637,250	0.34
19	LIM AI GEOK	2,500,000	0.33
20	LOW CHER KEOW	2,500,000	0.33
	TOTAL	605,970,800	79.10

STATISTICS OF SHAREHOLDINGS (CONT'D)

As at 21 March 2012

Shareholders' Information as at 21 March 2012

No. of shares issued	:	766,039,750
Class of shares	:	Ordinary
Voting rights	:	One vote per share

List of Substantial Shareholders as at 21 March 2012

Name of	Direct		Deemed	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Tiong Seng Shareholdings Pte Ltd	451,996,600	59.0	-	-
Peck Tiong Choon (Private) Limited [(1)]	53,769,200	7.0	451,996,600	59.0
Pek Ah Tuan [(2)]	6,008,200	0.8	53,769,200	7.0
Lee It Hoe [(3)]	-	-	477,125,550	62.3

Notes:

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

53,769,200 shares are registered in the name of United Overseas Bank Nominees Pte Ltd.

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

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

Shareholdings Held in Hands of Public

Approximately 29.6% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TIONG SENG HOLDINGS LIMITED (the "Company") will be held at The Pines, 30 Stevens Road, Singapore 257840, on Friday, 27 April 2012 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final Tax Exempt (One-Tier) dividend of 1.0 cent per ordinary share for the year ended 31 December 2011 (2010: 1.0 cent per ordinary share). **(Resolution 2)**

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

   Mr Pek Lian Guan **(Resolution 3)**
   Mr Lee It Hoe **(Resolution 4)**

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

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

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Pek Ah Tuan be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [See Explanatory Note (i)] **(Resolution 5)**

5. To approve the payment of Directors' fees of S$490,000 for the year ending 31 December 2012, to be paid half yearly in arrears. (2011: S$490,000). **(Resolution 6)**

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

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

8. **Share Issue Mandate**

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

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

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

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

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (ii)] **(Resolution 8)**

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

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company pursuant to the vesting of awards under the Tiong Seng Share Award Scheme (the "Scheme") in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. **[See Explanatory Note (iii)]** **(Resolution 9)**

By Order of the Board

Lim Keng San Shirley
Chia Luang Chew Hazel
Company Secretaries

Singapore, 11 April 2012

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on Resolutions to be passed:

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

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

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

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

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

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

This page is intentionally left blank.

TIONG SENG HOLDINGS LIMITED
(Incorporated in Singapore)
(Co. Reg. No: 200807295Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

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

I/We, ____

of ____

being a member/members of TIONG SENG HOLDINGS LIMITED (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on at The Pines, 30 Stevens Road, Singapore 257840, on Friday, 27 April 2012 at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts for the year ended 31 December 2011		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Pek Lian Guan as a Director		
4	Re-election of Mr Lee It Hoe as a Director		
5	Re-appointment of Mr Pek Ah Tuan as a Director		
6	Approval of Directors' fees amounting to S$490,000 for financial year ending 31 December 2012		
7	Re-appointment of KPMG LLP as Auditors		
8	Share Issue Mandate		
9	Authority to allot and issue shares under the Tiong Seng Share Award Scheme		

* Delete where inapplicable

Dated this ____________________ day of ____________________ 2012

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

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

Notes:

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

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

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

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

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

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

General:

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

This page is intentionally left blank.

This page is intentionally left blank.

長成控股
TIONG SENG HOLDINGS LIMITED
(ESTABLISHED SINCE 1959. SINGAPORE)

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

510 Thomson Road #08-00 SLF Building Singapore 298135
Tel: +65 6356 0822 Fax: +65 6356 0688 Website: www.tiongseng.com.sg