TIONGSENG GROUP 长成控股

PIONEERS OF POSSIBILITIES

ANNUAL REPORT
2018

CONTENTS

CORPORATE PROFILE

As an organisation built on 60 years of long-standing experience and established track records, Tiong Seng is a homegrown leading construction and civil engineering company based in Singapore. Accorded the highest A1 grading from the Building and Construction Authority (BCA) for both general building and civil engineering projects, we are qualified to undertake public sector construction projects with unlimited contract value.

Over the years, technology adoption has been the cornerstone of our organisation. Keeping abreast of industry trends, we pride ourselves on being pioneering experts in leading-edge construction technologies such as advanced pre-cast, Prefabricated Prefinished Volumetric Construction ("PPVC"), Prefabricated Bathroom Units ("PBU"), Building Information Modelling ("BIM"), Virtual Design Construction ("VDC") and Mass Engineered Timber ("MET") amongst others. Furthermore, our Manufacturing Execution System ("MES") platform, TS Connect, is but one of our digital initiatives we are gradually rolling out to strengthen our production capabilities and enhance competitiveness.

Tiong Seng's second engine of growth is its niche real estate developments in the People's Republic of China ("China") and Singapore. On top of our ongoing China projects in Tianjin and Suzhou, we have made headway in the Singapore property market with the acquisition of landbanks in the prime district 9 and 10.

In addition to being at the forefront of an increasingly future-ready construction environment, we have repackaged and scaled our extensive suite of construction innovations to provide Engineering Solutions beyond our shores. With this asset-light business model as the impetus, we are well-positioned to capture a vast landscape of untapped opportunities both locally and abroad as part of our internationalisation efforts to drive future growth.

COVER STORY

Integrating Digitalisation Within our Business Operations

As a leading innovator in Singapore's built environment sector, Tiong Seng continues to sharpen its technological edge to stay ahead in an ever-changing business environment. It has also been our belief that improving the productivity and connectivity of our workforce is vital to growing a sustainable business. As such, we strive to incorporate digital tools to streamline our processes. In line with this vision, we recently co-developed TS Connect, a Manufacturing Execution System ("MES") devised to complement our Pre-fabricated Prefinished Volumetric Construction ("PPVC") production process. Designed to harness the power of the Internet of Things ("IoT"), TS Connect will enable real-time execution and data analytics to transform our construction process.

On the 14 November 2018, the Building and Construction Authority (BCA) in Singapore launched an Integrated Digital Delivery ("IDD") implementation plan to encourage more built environment sector firms to transform the way they build through digitalisation. As early adopters, our Kallang Polyclinic and Sloane Residences projects displayed the benefits of utilising IDD systems, and were nominated by the BCA as two out of a total of 12 demonstration projects across Singapore chosen to spearhead this initiative.

Adopting a "Lean" Philosophy for Construction

To further propel our organisation to greater heights, Tiong Seng is also a strong believer in the philosophy of *Lean* construction. Our *Lean* philosophy, simply put, is about maximising the value of our operations, while minimising waste. This is done by analysing and keeping a close eye on key performance indicators such as duration, quality of build, safety, costs as well as the resources that we use. These principles enable our construction works to flow reliably and predictably, thereby optimising our output at every stage.

COVER STORY

Some of our projects have already exhibited the benefits of adopting these principles. For one, our Ulu Pandan Bus Depot project had, with the aid of a digital *Lean* planning tool, managed to significantly improve overall turnover time. Secondly, our ARTRA project team had successfully implemented *Lean* practices to improve the efficiency of production and delivery of precast elements, and consistently achieve a 6-day cycle from the original target of 8 days per structural floor, representing a 25.0% improvement in productivity.

Behind the success of our *Lean* philosophy are three key drivers, namely i) Collaboration, as we continue to support and encourage team efforts, ii) Commitment, whereby we inculcate the culture of remaining committed to *Lean* construction and iii) Measurement, where we measure our performance and strive for continuous improvement. As we continue to refine our application of *Lean* principles, we are confident that the steps we take now will progressively yield long-term benefits for our organisation.

Leveraging on our Integrated Project Delivery Capabilities

On the property development front, we have leveraged on our unique position as an integrated player to differentiate ourselves from our peers. Coined as an Integrated Project Delivery ("IPD") approach, our ability to bring together all stakeholders of the value-chain at the inception of each project allows us to conceptualise from day one, thereby reaping several benefits from holistic planning. With the synchronisation of project deadlines, manpower and resource planning, we are able to increase the efficiency of the development process, shorten the development cycle as well as lower overall costs. Furthermore, IPD can provide more flexibility for delivering units and better facilitate the management of capital. Backed by our suite of advanced construction technologies, we believe that IPD will enhance our competitiveness and ability to combat property market headwinds.

Tianjin Equinox

ACCREDITATIONS & AWARDS

In 2018, Tiong Seng won several awards in recognition of our continuous efforts for high quality build, extensive of construction technology and ensuring workplace safety.

AWARDS

BUSINESS EXCELLENCE AWARDS

Singapore Quality Award
Innovation Class (I-Class)
People Developer
SIAS 19th Investors' Choice Awards 2018 for Most Transparent Company – the Construction category

INNOVATION & PRODUCTIVITY AWARDS

BCA Construction Excellence Award 2018 for Fairprice Hub@ Joo Koon – Merit

BCA Construction Excellence Award 2018 for Haus @ Serangoon Garden – Merit

BCA Construction Productivity Award 2018 for 1 & 1A Depot Close – Gold

SICC Awards 2018 for Most Scalable Collaboration

ENVIRONMENT & SAFETY

RoSPA GOLD Award – Health and Safety performance for Tiong Seng Contractors (Pte) Ltd

RoSPA GOLD Award – Health and Safety performance for Tiong Seng Contractors (Pte) Ltd – Stamford Diversion Canal C-2

RoSPA GOLD Award – Health and Safety performance for Tiong Seng Dongah Joint Venture – Great World Station

RoSPA SILVER Award – Health and Safety performance for Tiong Seng Contractors (Pte) Ltd – P5

RoSPA BRONZE Award – Health & Safety performance for Tiong Seng Contractors (Pte) Ltd – Artra

BCA Green Mark (Platinum) Award for Selarang Park Complex

ACCREDITATIONS

Quality Management System ISO 9001: 2015

Environment Management System ISO 14001: 2015

Occupational Health & Safety Management System OHSAS 18001: 2007

CHAIRMAN'S MESSAGE

MR ONG LAY KHIAM
Chairman

Dear Shareholders,

On behalf of the Board and as your non-executive Chairman, it is my privilege to present to you the Company's Annual Report for the financial year ended 31st December 2018 ("FY2018").

The year was marked by increasing uncertainty and downside risks in the global economy. In particular, the escalating trade tensions between the US and China led to weakening business sentiments and consumer confidence. Additionally, problems surrounding Brexit and the deteriorating outlook of the Chinese economy also contributed to the underlying pessimism. The negative effects of these macroeconomic developments have certainly impacted on the overall performance of the Singapore economy which grew by 3.2% for 2018, moderating from 3.9% recorded in the year before. The local construction sector was not spared as it shrank 3.4% for the year, albeit improving from the 10.0% contraction recorded in the preceding year.

Tiong Seng Group's financial performance for FY2018 is not as good as that of FY2017 but may be considered fair in light of the slowing economy and intensifying competition from both local and overseas players. As elaborated in my message in last year's Annual Report, we have mapped out our Tripod strategies to counter the headwinds that we are experiencing.

In our Construction segment, we will continue to consolidate our current operations and further strengthen key capabilities such as our advanced pre-cast and Prefabricated Pre-finished Volumetric Construction ("PPVC") technologies. We will as well continue to identify areas where we can create value for our customers to achieve the win-win proposition. While mindful of the need to price competitively, the underlying strategy is to tap on our expertise in Design for Manufacturing & Assembly ("DfMA") and technology-driven production capabilities to produce better quality final products, enable faster delivery time as well as achieve higher service level to customers. Bearing in mind our experience and expertise, we believe we are well-positioned to capture business opportunities in both the public and private sectors of the construction market.

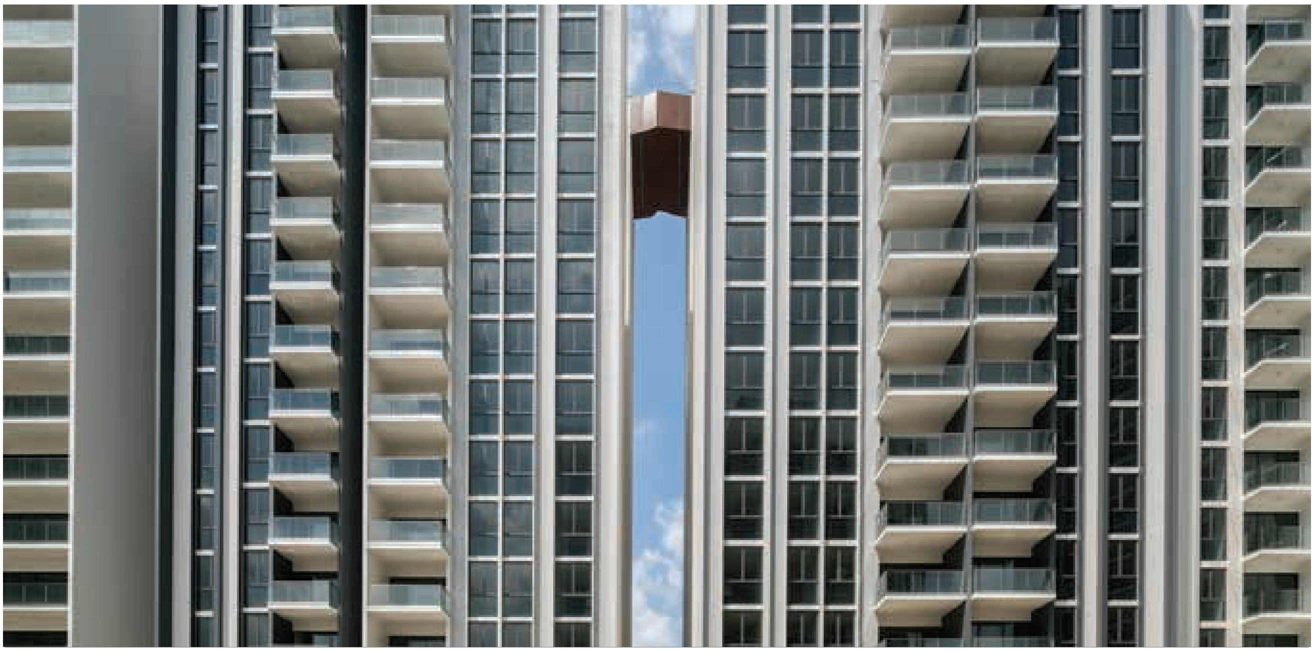
Concerning our Property Development business segment, it is to be noted that several cities in China have begun relaxing property cooling measures to stabilise local property prices. While our development projects in China have reported stable sales results in 2018, our strategy going forward is to capture marketing opportunities to move inventory. Over in Singapore, for our on-going projects, we seek to adopt the Integrated Project Delivery ("IPD") approach which capitalizes on Tiong Seng's unique position as both a building contractor as well as a property developer. IPD is expected to enhance our product design and overall competitiveness so as to further differentiate our final offerings in the market place.

The Engineering Solutions segment of our business which was established in 2018 has made significant contributions to our Group's internationalization drive. Apart from the successful implementation of PPVC solutions in Myanmar to address the country's pressing housing needs, the segment has also expanded its footprint to China. The proposed pre-cast project in Tianjin is expected to play a role in introducing modern construction solutions to the vast Chinese construction market.

Lastly, I would like all our stakeholders to join us in celebrating our company's 60th Anniversary in 2019. As a long-standing business, we do look back with some pride of our modest achievements over the past 60 years. We feel confident that we are able to overcome the many challenges that we are facing now just like we have done many times before in our long history by relying on our corporate cultures of Diligence, Perseverance and Prudence which we hold dear.

To conclude this message, I would like to thank our management team and all employees for their hard work and dedication and all our stakeholders for their unwavering support in the Tiong Seng Group.

主席致辞



我很荣幸能以非执行主席的身份向您呈现本公司截至2018年12月31日财政年(“FY2018”)的年度报告。在2018年，全球经济展望日益不明朗，下行风险也增加。尤其是，美国与中国之间的贸易关系加剧紧张，使到营商情绪及消费者信心疲弱。此外，英国脱欧的问题和中国经济前景下滑也是悲观情绪的导因。这些宏观经济的事态发展无疑影响了新加坡经济的整体表现，新加坡的经济于2018年增长3.2%，低于上一年录得的3.9%增长。新加坡的建筑业无法幸免，其2018年的增长缩减3.4%，尽管这比上一年录得的10.0%萎缩有所进步。

长成集团的FY2018财务表现不比FY2017出色但尚算合理，有鉴于经济放缓，以及来自本地与海外业者的竞争加剧。我在去年的年度报告中提到公司已经制定出“三脚架”策略，以对应我们正在遭受的逆风情况。

建筑业务方面，我们将持续整合目前的业务，并进一步增强主要的能力，譬如我们的先进预制技术与预制体积建设(“PPVC”)技术。我们也将继续探索我们可为客户创造价值的领域，从而取得双赢的局面。在关注提供具竞争力的价格的同时，我们的潜在策略是利用制造与装配设计(“DfMA”)专长和由技术驱动的生产能力，来生产品质更佳的最终产品、缩短交付时间，以及为客户提供更好的服务。凭借我们的经验与专长，我们相信能够在公共和私人领域的建筑市场把握业务机会。

产业市场方面，必须注意的是中国许多城市已开始放松产业降温措施，以稳定当地的产业价格。我们在中国的发展项目于2018年取得稳定的销售业绩，今后的的策略是把握营销机会以销售库存。对于正在新加坡进行的项目，我们寻求以综合项目交付(“IPD”) 的方式执行，这个方式是从长成同时作为建筑承包商与产业发展商的独特地位中受惠。IPD预计将提升我们的产品设计和整体竞争力，以进一步提高我们在市场提供的最终产品的差异性。

于2018年开展的工程方案服务业务已为集团进军国际的计划带来显著的贡献。除了成功在缅甸执行PPVC方案服务以协助解决该国迫切的房屋需求之外，这项业务也在中国扩大了其版图。计划在天津进行的预制项目将可为庞大的中国建筑市场引进现代的建筑方案服务。

最后，我希望和所有的利益相关人在2019年庆祝我们公司创业60周年。作为一家老字号，我们对过去60年来所取得的些微成就感到自豪。我们有信心克服面对的多项挑战，正如我们之前也在企业文化(勤勉、坚持和谨慎(Diligence, Perseverance and Prudence))的引导下，多次克服了挑战和困难。

最后，我要对我们的管理团队和所有员工致谢，感谢他们的努力和付出，同时也感激我们所有的利益相关人多年来坚定地支持长成集团。

主席
王励谦

CEO'S STATEMENT

MR PEK LIAN GUAN
Chief Executive Officer and Executive Director

Dear Shareholder,

In 2018, the global economy experienced growing trade tensions, tightening credit conditions and general signs of slowing growth in markets across the world.

Apart from these economic headwinds, local players in the built environment sector continued to face heightening competition culminating from the influx of overseas construction companies, as the industry receives more investments for mega infrastructure projects. Notwithstanding this competitive outlook, the sector shrank moderately by 3.4% in 2018, a slight improvement from the 10.0% contraction in the preceding year[1]. Notably, public sector construction demand rose 16.0% year-on-year ("yoy") to S$18.0 billion for 2018, representing approximately 58.0% of total construction demand recorded for the year. This trend is expected to continue to 2019, where overall construction output is projected to be between S$27.0 billion and S$32.0 billion, not deviating far from the S$31.0 billion recorded in 2018. This potentially signals tightening conditions for the sector amid an increasingly competitive outlook.

As we tread cautiously amid this market landscape, we recognise the importance of taking a proactive approach to enhance our internal capabilities, so as to mitigate the effects of macroeconomic headwinds. While the development and implementation of advance technologies encapsulate our hallmark of staying competitive, improving productivity is also a vital component to reinforce our growing business. This is why we chose to lay the ground work for the future, incorporating digitalisation to our operations and introducing a "Lean" philosophy in our work. As we enter our 60th Anniversary as "*Pioneers of Possibilities*", we believe that our industry-leading practices will pave the way for yet another decade of growth for Tiong Seng.

DRIVING PRODUCTIVITY VIA DIGITALISATION

Building on our suite of Design for Manufacturing & Assembly ("DfMA") technologies which allow us to adopt a manufacturing-for-construction approach, we have during the year introduced digital solutions that complement and enhance these capabilities. Together with data-analytics specialist, Arcstone Pte Ltd, we co-developed TS Connect, designed to support the off-site production and on-site assembly of our prefabricated building components. Generally coined in the industry as an Integrated Digital Delivery ("IDD") system, TS Connect will provide our operators the ability to monitor and execute various operational functions in real-time, all at the convenience of a mobile device.

As we strive to integrate these digital solutions across all of our business units, we are confident that our initiatives will guide us in the right direction and help us reap the benefits of an increase in the overall productivity of our work. More importantly, this IDD system will also equip our users with the tools necessary to engage in our recently adopted "Lean" construction business philosophy.

Apart from our efforts to improve our internal processes, we have also collaborated with Singapore-based NatSteel Holdings Private Limited ("NatSteel") to devise an IDD system to enhance external business-to-business workflows. While originally designed to streamline the steel reinforcement procurement process, the versatility of our system's framework for other functions in the field of construction was also apparent. This enterprising innovation led to Tiong Seng and NatSteel clinching the title of "Most Scalable Collaboration" at the 2018 Singapore International Chamber of Commerce ("SICC") Awards Gala.

LEVERAGING ON TECHNOLOGY AS OUR KEY COMPETITIVE STRENGTH

The construction sector faced several headwinds in 2018. Apart from the cooling measures imposed on the private property sector leading to a slowdown in private construction demand, heightened competition from both local players and overseas companies led to a more competitive tendering process across the board, with the construction sector experiencing consolidation during the year.

Amidst these headwinds, we leveraged on our well-established PPVC technologies and successfully secured a total of three public sector contracts: two worth a total of S$103.8 million from the Ministry of Education for the construction of primary schools at Punggol Central and Punggol Way, and the third from the Ministry of Health for the construction of a 10-storey polyclinic and long-term care facility worth S$47.68 million. Along with the S$28.9 million Sloane Residences project awarded by

CEO'S STATEMENT

TSky Balmoral Pte Ltd, a joint venture company of the Group, we maintain a healthy order book of S$545.1 million as at 31 December 2018 which is expected to extend till the year 2020.

In anticipation of a growth in demand for our PPVC and advanced pre-cast capabilities back at home, we had via our wholly-owned subsidiary, Robin Village Development Pte Ltd, inked a deal in June 2018 to acquire two plots of land in Johor, Malaysia, to further expand the production capacity of our company in the field of pre-cast manufacturing and prefabrication. Having made significant advancements in this area in recent years, we continue to move in tandem with our government's push to increase worksite productivity and technology adoption.

OUR INTERNATIONALISATION DRIVE

The rollout of our Engineering Solutions division opened up new growth potential for Tiong Seng as we consolidated and repackaged our technological capabilities into a service to be exported overseas. Following the success of our Yuzana low-cost housing project in Myanmar early last year, we then undertook our Thaketa staff housing project – consisting two three-storey apartment blocks with 24 units, utilising a total of 72 PPVC modules – reaching completion in an unprecedented time of 90 days from start to finish. These milestones continue to showcase once again, the significant potential of our in-house technologies overseas. Notably, this development spelt a new chapter for Tiong Seng, propelling our organisation up the value chain to become an integrated development player.

Apart from our accomplishments in Myanmar, we have also been focused on strategically diversifying into other regions to capture additional revenue streams and uncover new markets. In April 2018, we formed a new joint venture company, the Sino Singapore (Tianjin) Prefabrication Co., with other renowned Chinese partners to further advance the use of our proprietary pre-cast and prefabrication technology. Staying ahead of the industry curve once again, this joint venture is expected to tap on the growing demand for pre-cast in China as a result of progressive government mandates in recent years. This includes fostering a smarter, more efficient and sustainable sector, through the introduction of new materials, new technology and new methods of construction. While our first pre-cast plant in Tianjin is expected to commence production in the second half of 2019, we intend to pursue more of these opportunities to expand in China in due time.

TAKING AN INTEGRATED PROJECT DELIVERY APPROACH FOR PROPERTY DEVELOPMENT

In 2018, the property market in Singapore was impacted by new cooling measures laid out by the government such as the Additional Buyer's Stamp Duty ("ABSD") and Loan-to-Value ("LTV") limits on home purchases, as well as the revision to the Urban Redevelopment Authority ("URA") guidelines on maximum allowable dwelling units which were implemented to curb the proliferation of shoebox units. While these measures have in general slowed the pace of property price growth, there is the expectation in the market that prices will recover going forward, due to the upward pressure of land costs borne by many developers during the en-bloc frenzy, as well as resilient demand and a positive long-term outlook for private properties in Singapore.

Against this backdrop, we had on the 31 October 2018 increased our presence in Singapore as we partnered Ocean Sky International and a few other partners to acquire the prime landbank, 17 Cairnhill Rise at District 9, intended to be redeveloped into a premium residential development. On the other hand, our Sloane Residences project at 17 Balmoral Road has already made significant progress and is on track to launch sometime this year. As we shore up efforts to grow our footprint in the development properties space in Singapore, we will continue to take an Integrated Project Delivery ("IPD") approach – combining our expertise in construction, real estate development and technology. In due time, we expect to leverage on our integrated value chain of services and competitive products to differentiate ourselves from other developers.

Over in the People's Republic of China ("China"), the property market has been relatively resilient thus far. Overall growth has however softened in the second half of 2018 following a surge in failed land auctions[2]. To stabilise the property market, some cities have already taken steps to keep property prices in check, like lifting price caps and removing re-sale restrictions[3]. Moving forward, we will remain attentive where our existing China developments are located to capitalise on any opportunities that may prevail.

A FINANCIAL REVIEW OF FY2018

We would now like to share our financial scorecard for the full year ended 31 December 2018 ("FY2018"). The Group recorded a 52.8 per cent year-on-year ("yoy") contraction in revenue to S$379.1 million for FY2018, attributable mainly to a net decrease in construction work done during the year. Resultantly, net profit attributable to shareholders declined to S$8.8 million for FY2018.

CONSTRUCTION SEGMENT

During the year, the Group remained selective when bidding for new construction contracts so as to preserve its profit margins. As newer projects coming onboard were not significant vis-à-vis older projects that were completed, the Group's core Construction segment revenue declined 55.6 per cent yoy to S$313.5 million for FY2018.

Gross profit from the Group's construction segment decreased from S$68.7 million for FY2017 to S$39.2 million for FY2018, while gross profit margin increased 2.8 percentage points yoy to 12.5 per cent for FY2018, due mainly to differences in projects' profile and relative weighted average profitability in the projects recognised over the two periods. Lastly, the segment posted profit from operating activities of S$10.9 million for FY2018, representing a 74.7 per cent yoy decline.

CEO'S STATEMENT

PROPERTY DEVELOPMENT SEGMENT

The Group's revenue from the sale of development properties segment decreased 32.9 per cent yoy to S$64.1 million for FY2018. This revenue was derived mainly from the sale recognition of 10 units (2,666 square metres) from the Tranquility Project, two units (372 square metres) from the Sunny International Project and 99 units (17,546 square metres) from the Equinox Project.

The segment's gross profit margin increased by approximately 2.0 percentage points to 18.0 per cent for FY2018. This was due mainly to the differences in projects' profile and relative weighted average profitability in the units recognized over the two periods. Profit contribution from operating activities for this segment posted a profit of S$6.1 million for FY2018.

OUR BALANCE SHEET

As at 31 December 2018, the Group's cash and cash equivalents was approximately S$40.0 million. Correspondingly, the Group remains in a net debt position of S$69.9 million as at 31 December 2018 (As at 31 December 2017: net cash position of S$11.6 million). For FY2018, the Group's earnings per share stood at 1.98[4] Singapore cents, declining from 7.53[5] Singapore cents for the previous period. Lastly, net asset value per share as at 31 December 2018 stood at 60.35[6] Singapore cents (As at 31 December 2017: 60.96[7] Singapore cents).

CHARTING SUSTAINABLE GROWTH

As we move into our illustrious 60 years in the business, we are anticipative of strong headwinds in both the construction and real estate sectors that we operate in. However, we choose to perceive these challenges as opportunities to strengthen our internal capabilities, so that we can continue to transcend above our peers. Through three key thrusts, namely i) raising our efforts in exporting Engineering Solutions to the region, ii) adopting a "Lean" philosophy and iii) engaging the support of IDD and IPD, we are actively laying the ground work and foundation for our internationalisation drive in the coming years. In conclusion, we at Tiong Seng will endeavour to uphold our well-earned reputation as the frontrunner in technology, and continue to fuel innovation with hard work to remain one of the pioneering leaders of our industry.

On behalf of the Board of Directors, I would like to thank all our staff and stakeholders for your constant support throughout the years. Furthermore, I would also like to extend my sincere appreciation to all of our loyal shareholders.

Acknowledging the importance for us to reward our fellow shareholders, the Board is pleased to recommend a first and final dividend of 0.5 Sing cents per share for FY2018.

1 "Economic Survey of Singapore 2018", Ministry of Trade and Industry, 15 February 2019
2 "China's October home prices gather pace as smaller cities sustain growth", The Straits Times, 15 November 2018
3 "Will China take out the axe to fix the slowing property market?", South China Morning Post, 24 January 2019
4 Based on 445,517,545 weighted average number of shares outstanding excluding treasury shares
5 Based on 451,722,407 weighted average number of shares outstanding excluding treasury shares
6 Based on 444,785,349 shares, net of non-controlling interests and excluding treasury shares, as at 31 December 2018
7 Based on 448,381,449 shares, net of non-controlling interests and excluding treasury shares, as at 31 December 2017

总裁的话

各位股东：在2018年，全球贸易关系日益紧张、信贷状况不断收紧，以及全球市场增长普遍放缓。除了这些经济逆风之外，由于建筑行业的大型基建项目的投资额增加，新加坡的建筑业者持续面对来自越来越多海外企业的竞争。尽管如此，该领域于2018年适度缩减3.4%，比上一年的10.0%萎缩有所减缓[1]。值得注意的是，公共领域的建筑需求于2018年年比增加16.0%至180亿新元，这占2018年总建筑需求约58.0%。这股趋势预计将持续到2019年，而2019年的整体建筑产值估计将介于270亿至320亿新元，与2018年录得的310亿新元相差不远。这显示该领域将可能在竞争前景加剧的情况下收紧。

我们沿着这个市场格局谨慎行事，并意识到积极增强我们内部能力的重要性，这将可减低宏观经济逆风所带来的负面影响。当我们秉持发展与执行先进的技术以保持我们继有的竞争力，我们同时也意识到提高生产力是增强我们不断增长业务的重要环节。因此，我们选择为将来打好基础，把数码化技术融入我们的业务，并在我们的工作中推行"精益"哲理。在我们以"创造可能性的先驱(Pioneers of Possibilities)"步入60周年的同时，相信我们在业内的领先实践力将可为长成取得另外10年的增长。

透过数码化技术推动生产力

我们拥有一系列制造与装配设计("DfMA")技术，让我们得以采取"为建筑而制造(manufacturing-for-construction)"的方式来执行建筑项目，而我们在2018年推出了数码方案服务来辅助和提升这些能力。联同数据分析专家Arcstone私人有限公司(Arcstone Pte Ltd)，我们开发了TS Connect系统，后者是为了支持场外生产与现场装配我们的预制建筑组件而设计。TS Connect系统普遍被认为是业内的综合数码交付("IDD")系统, 它将能让我们的操作员通过移动设备实时地监控与执行多个操作功能。

由于我们努力地把这些数码方案融入我们所有的业务单位，我们有信心我们的策略将指引我们走向正确的方向，并帮助我们从整体的生产力提高中受惠。更重要的是，这个IDD系统也让我们的用户具备所需的设备来经营我们最近采用的"精益"建筑业务哲理。

除了努力提升我们内部的程序外，我们也和新加坡企业大众钢铁私人有限公司(NatSteel Holdings Private Limited)合作，以设计一个IDD系统来提升外部企业对企业的工作流程。虽然这个系统原本的设计是用来精简钢筋的采购过程，但这个系统也可用在建筑领域的其他用途上。这项大胆的创新令长成与大众钢铁荣获2018年新加坡国际商会(SICC)大奖的"最具拓展性合作(Most Scalable Collaboration)"奖。

利用科技作为我们的主要竞争优势

建筑领域在2018年面对了多项挑战。除了政府对私人产业领域实施降温措施导致私人建筑需求放缓之外，新加坡业者与海外企业之间的竞争加剧使投标过程全方面地更具挑战，建筑领域也由此经历整合的阶段。

在这些逆风中，我们利用了我们信誉卓著的预制体积建设("PPVC")技术，并成功地取得共3份公共领域的合约：其中2份是由新加坡教育部颁发的合约(总值1亿零380万新元)，分别为在榜鹅中心(Punggol Central)和榜鹅大道(Punggol Way)兴建小学，而第3份合约是由新加坡卫生部颁发，承建一座楼高10层的综合诊疗所与长期护理设施，总值4,768万新元。加上集团的合资公司TSky Balmoral发展私人有限公司(TSky Balmoral Pte Ltd)所颁发总值2,890万新元的Sloane Residences项目，我们截至2018年12月31日的订单额良好，为5亿4,510万新元，这预计将可让集团的业务维持至2020年。

由于预期新加坡市场对我们的PPVC和先进预制能力的需求将提高，我们已透过我们的全资子公司Robin Village发展私人有限公司(Robin Village Development Pte Ltd)签署了一份协议(于2018年6月签约)，以收购马来西亚柔佛州2幅土地来进一步扩大我们公司在预制制造方面的产能。随着近年来在这个方面所取得了重大进展，我们将继续配合新加坡政府所推动的提升生产力与现代化科技的计划。

进军国际

推动工程服务方案业务成为长成新的增长潜能，将我们的技术能力整合起来并重新包装成一站式服务推广至海外。继去年初在缅甸进行的Yuzana廉价住宅项目取得了成功之后，我们承接了Thaketa员工住宅项目，后者包含2栋楼高3层的寓所(共有24个单位)，所使用的PPVC模组总计72个，这个项目从开始到完成花了90天的时间，工程时间非常短，是前所未见的。这些里程碑再一次展现我们内部技术在海外的巨大潜能。值得注意的是，这项发展为长成开启了新篇章，并提升我们在价值链上的位置，成为综合发展业者。

1 新加坡贸工部于2019年2月15日发布的"2018年新加坡经济调查(Economic Survey of Singapore 2018)"

总裁的话

[2] ”由于小城市维持增长，中国10月份的房屋价格逐渐加速 (China’s October home prices gather pace as smaller cities sustain growth)”(于2018年11月15日刊登在《海峡时报》(The Straits Times))

[3] ”中国政府将会出手处理产业市场放缓的问题吗? (Will China take out the axe to fix the slowing property market?)”(于2019年1月24日刊登在《南华早报》(South China Morning Post))

除了在缅甸取得成绩外，我们也专注于策略性拓展计划，把业务扩大至其他地区，以取得额外的收入来源及开发新的市场。2018年4月，我们与其他知名的中国伙伴合组了新的合资公司中新(天津)装配式建筑股份有限公司(Sino Singapore (Tianjin) Prefabrication, Co. Limited)，以进一步推广我们专有的预制技术。这项合资让集团再次于业内占据领先地位，并预计将从中国政策上对预制需求不断增长中受惠。其中包括通过推出新材料、新科技和新的建筑方法来建立一个更智能、更有效和可持续发展的建筑领域。我们在天津的首座预制厂预计将于2019年下半年投入生产，与此同时，我们打算在适当的时候寻求更多类似的机会拓展至中国。

透过综合项目交付方式执行产业发展项目

在2018年，由于政府推出新的降温措施，如在购买房子方面，提高额外买家印花税(ABSD)和收紧贷款价值比(LTV)的限额，以及市区重建局(URA)调整关于最高可允许居住单位的准则(为了抑制鞋盒单位激增而实施)，新加坡的产业市场受到了影响。虽然这些措施普遍地令产业价格的增长步伐放缓，但在市场预期下，产业价格将在未来复苏，因为许多发展商在集体出售热潮发生时承受了土地成本的上行压力，以及新加坡私人产业的需求稳健，市场亦看好新加坡私人产业的长期前景。

在这个情况下，我们已于2018年10月31日扩大我们在新加坡的版图。我们与式佳国际有限公司(Ocean Sky International Ltd)及一些其他的伙伴合作收购了位于新加坡第9黄金区经禧坡17号 (17 Cairnhill Rise)的土地，我们打算将之重新发展为一个优质住宅项目。另一方面，我们位于巴慕乐路17号(17 Balmoral Road)的Sloane Residences项目已取得重大进展，该项目预计将在今年内推出。在我们努力地扩大我们在新加坡发展产业领域的版图的同时，我们将持续采取综合项目交付(“IPD”)方式，把我们在建筑、房地产发展与技术方面的专长结合在一起。在适当的时候，我们预计将运用综合价值链的服务及具竞争力的产品，来使我们从其他发展商区分开来。

中国方面，其产业市场迄今为止一直都相对较稳健。然而，由于未能拍卖出去的土地激增[2]，该市场的整体增长在2018年下半年疲弱。为了稳定产业市场，一些城市已采取措施抑制产业价格，譬如解除价格上限和解除转售限制[3]。展望未来，我们将继续关注我们在中国的现有发展项目所在地的情况，以把握任何可能出现的机会。

回顾FY18财务业绩

我们截至2018年12月31日的全年财务业绩如下，集团的FY18收入年比减少52.8%至3亿7,910万新元，主要因在这个年度完成的建筑工作净减。因此，FY18归属于股东的净利减低至880万新元。

总裁的话

建筑业务

在2018年，集团依然有选择性地投标新建筑合约，以保持其利润率。由于新项目的数量不比已完成的旧项目来得更显著，集团的FY18核心建筑业务收入下降55.6%至3亿1,350万新元。

集团建筑业务的毛利从FY17的6,870万新元减低至FY18的3,920万新元，而FY18毛利率则年比提高2.8个百分点至12.5%，主要由于各个项目的概况不同，以及在两个时期确认的项目的加权平均盈利率相对。最后，这项业务从营运活动取得的FY18盈利为1,090万新元，年比下滑74.7%。

产业发展业务

集团从发展产业销售业务所取得的FY18收入年比下降32.9%至6,410万新元。该收入主要是来自集团确认以下项目的销售，Tranquility项目确认10个单位（面积为2,666平方米）、Sunny国际项目确认2个单位（面积为372平方米），以及从Equinox项目确认99个单位 (面积为17,546平方米)。

这项业务的FY18毛利率提高约2个百分点至18.0%。这主要是因为各个项目的情况不同，以及在两个时期确认的项目的加权平均盈利率相对。这项业务从营运活动取得的FY18盈利为610万新元。

财务状况

截至2018年12月31日，集团的现金与现金等值物约为4,000万新元。相对地，集团截至2018年12月31日的净负债仍维持在6,990万新元(截至2017年12月31日：净现金为1,160万新元)。 FY18集团的每股盈利为0.0198[4]新元，相较于上一期的0.073[5]新元有所减少。 最后，截至2018年12月31日的每股净资产值为0.6035[6]新元(截至2017年12月31日：0.6096[7]新元)。

绘制可持续增长

随着我们迈入业务经营的第60个年头，我们所经营的建筑与房地产业务将预期会面对重大考验。但是，我们选择将这些挑战视为增强我们内部能力的机会，这么一来，我们将可以继续超越我们的同行。透过3个主要推力，即i)更加努力地把工程方案服务出口至区域内的其他国家、ii)采用”精益”哲理，以及iii)利用IDD系统和IPD方式，我们正积极地为我们日后进军国际打好地基。综上所述，我们将尽力维护我们作为科技领先者的良好声誉，同时持续创新和努力，以继续作为业内的先锋领导者之一。

我谨代表董事局感谢所有员工与利益关系人这么多年来一直支持着我们。此外，我也想对我们所有的股东表达诚挚的谢意。

为了答谢我们的股东，董事局提议派发首次FY18股息，每股为0.005新元，这个派息也是终期股息。

4 根据445,517,545股加权平均流通股(不包括库存股)
5 根据451,722,407股加权平均流通股(不包括库存股)
6 根据444,785,349股，少数股东权益净额及不包括库存股 (截至2018年12月31日)
7 根据448,381,449股，少数股东权益净额及不包括库存股 (截至2017年12月31日)

BOARD OF DIRECTORS

MR ONG LAY KHIAM
Chairman (Non-Executive and Independent Director)

Before his retirement in 2013, Mr Ong has been working in local financial institutions since 1971, holding various leadership positions. For the period 2007-2008, he was the inaugural Executive Director of the Lien Ying Chow Legacy Fellowship at the Nanyang Technological University while concurrently appointed by the university as an Adjunct Associate Professor.

Mr Ong is currently an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry and a member of the Investment Committee of the Chinese Development Assistance Council. He also serves on the boards of Lien AID (a non-profit organization).

Mr Ong holds a First Class Honours degree in Accountancy from the Nanyang University and a Master Degree in Accounting and Finance from the London School of Economics and Political Science, University of London and is also a Fellow Chartered Accountant of Singapore. He was appointed to our Board of Directors on 24th February 2010 and was re-elected on 21st April 2016.

MR PEK LIAN GUAN
Chief Executive Officer and Executive Director

Upon his graduation from Loughborough University of Technology, United Kingdom, with a Bachelor of Civil Engineering (First Class Honours), Mr Pek Lian Guan started his career at Tiong Seng Contractors in 1990. He was named the Deputy Managing Director of Tiong Seng Contractors in 1997 and the Chief Executive Officer of Tiong Seng Holdings Limited in 2010.

Mr Pek brings more than 30 years of extensive experience in project management for civil engineering and building works in Singapore and the surrounding region to the Group. Under his tenure, he has helped usher in a new era for the Group, positioning Tiong Seng as a pioneering leader in advanced construction technologies and green practices in the industry. As a result of his championing for construction safety, quality, sustainability, and innovation, Tiong Seng became the first construction builder in Singapore to be awarded the prestigious Singapore Quality Award in 2013.

Besides being a member of Tiong Seng Holdings Limited's Board of Directors since 15th April 2008, Mr Pek is known as an advocate of initiatives pertaining to the enhancement of productivity standards in Singapore and is actively involved in various private and public sector committees. Mr Pek was last re-elected on 25 April 2018.

MR PAY SIM TEE
Executive Director

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

Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1977. Mr Pay was appointed to our Board of Directors on 24th February 2010 and was last re-elected on 26 April 2017.

BOARD OF DIRECTORS

MR ANG PENG KOON, PATRICK
Independent Director

Mr Patrick Ang is the Managing Partner of one of the largest law firms in Singapore, Rajah & Tann Singapore LLP, and heads the firm's Regional Practices.

He has 3 decades 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 acting for Judicial Managers of Swiber Holdings Limited, Bondholders of Rickmers Maritime Trust, Judicial Managers of Swissco Holdings Ltd, 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 Sogo Department Store group of companies, Alliance Technology & Development Ltd, Measurex Group, PT Ometraco (listed Indonesian company), Admiralty Leisure (owners of Tang Dynasty Theme Park), PineTree Town Club, Fort Canning Country Club, Crown Prince Hotel and Chew Eu Hock Holdings Ltd.

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. In addition, he is also a lecturer in Insolvency at the Postgraduate Practice Law Course and a regular speaker at conferences/seminars. He is also an independent director of Singapore Deposit Insurance Corporation Limited (a statutory company accountable to the Monetary Authority of Singapore), an independent director of Nanyang Girls' High School and a Director of the Insolvency Practitioners Association of Singapore.

Mr Ang holds a Bachelor of Law (2nd Upper Division Honours) from the National University of Singapore. Mr Ang was appointed to our Board of Directors on 24th February 2010 and was last re-elected on 26 April 2017.

MR LEE IT HOE
Non-Executive Director

Mr Lee It Hoe had previously worked in Tiong Seng Contractors as a projects management executive back in the early 1960s; coupled with his extensive experience in the brokerage industry, his business acumen is expected to be an asset to our Group.

He holds a Diploma in Building Construction from Singapore Polytechnic in 1968. Mr Lee was appointed to the Board on 24th February 2010 and was last reappointed on 25 April 2018.

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, selecting and conducting periodic evaluations of competent suppliers for our projects. In addition, he is also in charge of the Procurement Department of our subsidiary in Papua New Guinea, TSC (PNG), and our workshop at Fan Yoong Road which maintains and upkeeps the plant and equipment for TSC.

MR PAY TEOW HENG
Project Director

Mr Pay Teow Heng has been working in the industry since 1992 and has more than 25 years of experience in administration, coordination and managing of building construction and civil engineering projects in Singapore. He is involved in tender 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 currently sit in the board of various Joint Venture Company as well as the subsidiaries of the companies under Tiong Seng Group . He holds a Bachelor of Civil Engineering (Hons) from Loughborough University of Technology, United Kingdom.

MR ANDREW KHNG
Head of Administration

Mr Andrew Khng has been with the company since 1981. He is in charge of corporate matters for the Group. His experience spans across general, site management and coordination in managing of civil engineering and building construction projects. He is also heading the BCA certified Overseas Training Centre in Myanmar. He currently sits on the board of various organisations outside our Group and is also the past president of Singapore Contractors Association Limited. Mr. Khng is the Honorary Consul of the Republic of Congo in Singapore.

MR CHOO HONG CHUN
Chief Financial Officer

Mr Choo Hong Chun has been with us since 2003 and currently manages all financial, taxation, treasury and compliance matters for our Group. Prior to joining Tiong Seng, he was with an International Accounting Firm. Mr Choo graduated from Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. He has been a member of the Institute of Singapore Chartered Accountants 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. From 1994 to 1996, 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), 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.

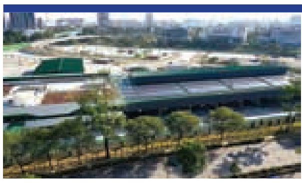
PROJECT LIST

PROJECT LIST

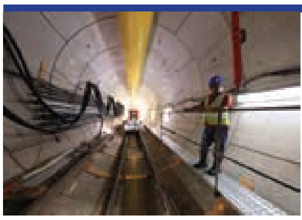
COMPLETED PROJECTS

RESIDENTIAL
Executive Condominium
Sol Acres
Client: MCL Land (Brighton) Pte Ltd

INDUSTRIAL
JTC Space @ Tuas
Client: JTC Corporation



Ulu Pandan Bus Depot
Client: Land Transport Authority



CIVIL ENGINEERING
Stamford Diversion Canal Contract 2
Client: Public Utilities Board

ONGOING PROJECTS

RESIDENTIAL
Artra
Client: FEC Skyline Pte Ltd

Lots 00138C & 99899P TS 26 @ Balmoral Road
Client: TSky Balmoral Pte Ltd

INSTITUTIONS
Selarang Park Complex
Client: Ministry of Home Affairs

Primary School @ Punggol Way (Punggol Site 26)
Client: Ministry of Education

Primary School along Punggol Central/Punggol Way
Client: Ministry of Education

Polyclinic & Long Term Care Facility Building at Balestiar Road/Serangoon Road
Client: Ministry of Health

CIVIL ENGINEERING
Contract T220 – Great World Station
Client: Land Transport Authority

Water Transmission Pipeline project (Aye/Henderson Road to River Valley Road)
Client: Public Utilities Board

PROJECT LIST

ONGOING PROPERTY DEVELOPMENT

ONGOING PROPERTY DEVELOPMENT

PROJECTS IN CHINA

The Equinox, Dagang, Guangang Forest Park, Tianjin, by Tianjin Zizhulin Guangang Property Development

Residential comprising landed and low rise properties: 162,000 sqm, over a land area of 325,000 sqm

7 phases of development, with the expected completion of the different phases ranging from 2014 to 2021

Sunny International, Cangzhou, by Cangzhou Huashi Property Development

Mixed: Residential 131,900 sqm and Commercial 18,000 sqm, over a land area of 51,000 sqm

All residential units have been sold. Sunny International balanced stock is now 4 units.

Tranquility Residences, Xushuguan Development Zone, Suzhou, by Suzhou ChangHe Investment and Development

Residential comprising terrace houses and apartments: 87,220 sqm, over a land area of 85,509 sqm

Two phases of development, which were completed in 2016 and 2017 respectively

Zizhulin, **Tianjin**, by Tianjin Zhizhulin Development

Commercial: 12,000 sqm, over a land area of 8,000 sqm

Planning currently in progress

CORPORATE INFORMATION

REGISTERED OFFICE
21 Fan Yoong Road,
Singapore 629796
Tel: (65) 6356 0822
Fax: (65) 6356 0688
Company Registration Number:
200807295Z
Website: www.tiongseng.com.sg

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

COMPANY SECRETARY
Ms Lai Foon Kuen

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

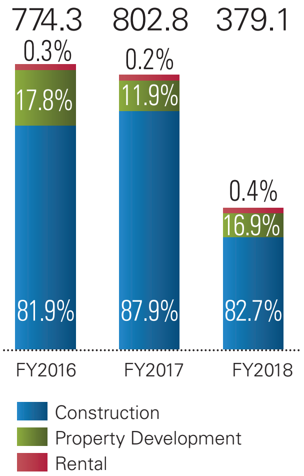
PRINCIPAL BANKERS
Bank of China Limited
CIMB Bank
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Hong Kong and Shanghai Banking Corporation
United Overseas Bank Limited

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

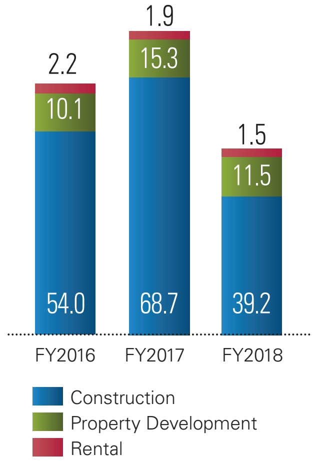
PARTNER-IN-CHARGE
Mr Low Gin Cheng, Gerald
Date of Appointment: with
effect from financial year ended
31 December 2015

FINANCIAL HIGHLIGHTS

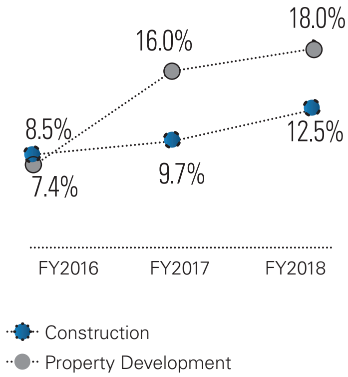
REVENUE (SGD'MIL)



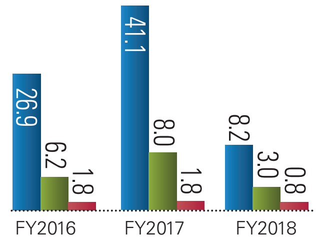
GROSS PROFIT (SGD'MIL)



GROSS PROFIT MARGIN

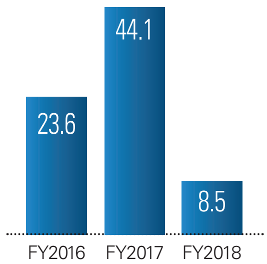


REPORTABLE SEGMENT PROFIT BEFORE INCOME TAX (SGD'MIL)

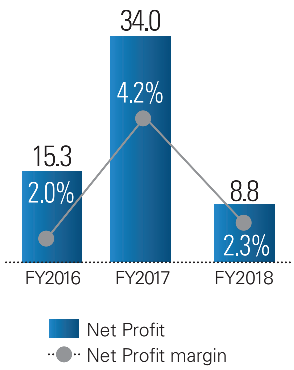


General Corporate activities is not included in each reportable segment results

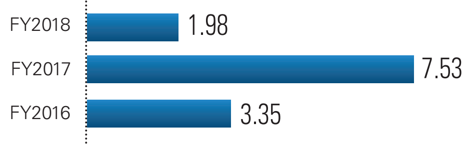
PROFIT FROM OPERATING ACTIVITIES BEFORE JV, ASSOCIATE & TAX (SGD'MIL)



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (SGD'MIL)

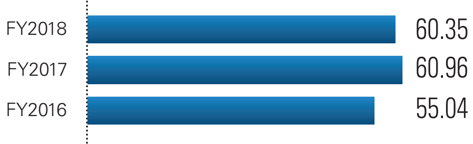


EARNING PER SHARES (CENTS)



CASH AND CASH EQUIVALENTS (SGD'MIL)

NET ASSET VALUE PER SHARE (CENTS)



SHAREHOLDERS EQUITY (SGD'MIL)

ORDER BOOK OF S$545.1 MILLION IS EXPECTED TO BE COMPLETED BY 2020

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Board of Directors ("Board") of Tiong Seng Holdings Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance with the aim to protect and enhance shareholders' value and the financial performance of the Group. 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 Group has adopted with reference to the 2012 Code of Corporate Governance (the "Code"), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), focusing on areas such as internal control, risk management, financial reporting, internal and external audits.

The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and explanations are provided for any deviations from the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of 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 bring their diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics, and to act in good faith and exercise independent judgment 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) establishing a framework of prudence and effective internal controls and risk management systems, including safeguarding of shareholders' interests and the company's assets and review the adequacy and effectiveness of the company's internal control systems and risk management systems at least annually;

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

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

(vii) identify the key stakeholder groups and recognize that their perceptions affect the company's reputation;

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

(ix) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Group prides itself on being an innovator and champion of practices to shape a safe, high quality and sustainable built environment and are aware of the impacts that its activities may have on society and the environment and continually strive to mitigate any such repercussions. The sustainability report for the year ended 31 December 2018 with respect to this will be released by May 2019.

The Board had considered and adopted a formal policy setting out specific matters that require the Board's decision/approval. Material transactions that require decision/approval of the Board are as follows:

(i) All announcements to be released to the Singapore Exchange Securities Trading Limited ("SGX-ST");

(ii) Annual budget of the Group and corporate and strategic business directions;

(iii) Major transactions proposals which include, *inter alia*, merger, acquisition, disposal and funding transactions;

(iv) Setting up or change in Dividend Policy and declaration of dividends;

CORPORATE GOVERNANCE

(v) Convening of shareholders' meetings;

(vi) Annual Report which includes the audited financial statements;

(vii) Review, recommendations, appointments and re-appointments of Directors;

(viii) Human resource matters which include remuneration of Directors and key management personnel; and

(ix) All other matters which required approval of the Board and corporate actions for which shareholders' approval is required.

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 Constitution provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously. The Board also schedules an annual Board Strategy meeting during the Company's Corporate Retreat to discuss strategic issues.

A formal letter is provided to each director upon his appointment, setting out the Director's duties and obligations. Newly appointed Directors will receive an orientation that includes briefing by Management on the Group's structure, business activities, strategic direction and corporate governance practices. The Directors are provided updates on amendments in relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly.

Management will bring to Directors' attention, information on seminars that may be of relevance or of use to them. As part of their continuing education, the Directors, whether as a group or individually, attend relevant external courses and seminars to keep themselves apprised of and updated on the latest changes in areas pertaining to regulatory, legal and commercial risks, amongst others, at the Company's expenses. For the financial year ended 31 December 2018 ("FY2018"), the Directors had been briefed on the key audit matters in the auditors' report and quarterly updates on the strategic development of the Group. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are also circulated to the Board. For any first time director who has no prior experience of a director of a listed company in Singapore, orientation programmes would include mandatory training as prescribed by the Listing Manual.

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.

Details of the number of meetings of the Board and Board Committees held in FY2018, as well as the Directors' attendance at these meetings are summarized in the table below:

	Board Meetings	**Audit Committee Meetings**	**Nominating Committee Meeting**	**Remuneration Committee Meetings**
Name of Directors	**Attendance/Number of meetings held**			
Ong Lay Khiam	4/4	4/4	1/1	1/1
Pek Lian Guan	4/4	4/4*	1/1	1/1*
Pay Sim Tee	4/4	4/4*	1/1*	1/1*
Lee It Hoe	3/4	3/4	1/1*	1/1
Ang Peng Koon, Patrick	4/4	4/4	1/1	1/1

* By Invitation

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

The Board as at the date of this report comprises five directors of whom two are independent directors:

Ong Lay Khiam	(Non-executive Chairman and Independent Director)
Pek Lian Guan	(Executive Director and Chief Executive Officer)
Pay Sim Tee	(Executive Director)
Lee It Hoe	(Non-executive Director)
Ang Peng Koon, Patrick	(Independent Director)

The size and composition of the Board are reviewed by the Nominating Committee ("NC") on an annual basis to ensure that the Board has the appropriate diversification 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 five Directors is appropriate, taking into account the nature and scope of the Group's operations.

As a group, the Directors bring with them a broad range of expertise in areas, such as, legal, accounting, finance, management experience, industry knowledge, customer-based experience and knowledge as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views. Though NC is supportive of gender diversity, and appreciate the need for progressive refreshing of the Board, board member selection and appointment based on appropriate mix of expertise, experience, necessary skills sets and core competencies for effective contribution to the Board shall remain a priority. Information on each Director's academic and professional qualifications, industry knowledge, shareholdings, relationships (if any) and, directorship is presented in the sections entitled "Board of Directors" and "Directors' Report" of this Annual Report.

Non-executive Directors contribute to the Board process by involving in the Group's strategic proposals and monitoring and reviewing Management's performance against agreed 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 judgment 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. In addition, consideration is given to Guideline 2.4 of the Code which requires the independence of any Director who has served on the Board beyond nine years, be subject to particularly rigorous review. In this aspect, every independent Board member is required to disclose any relationships or appointments which would impair their independence to the Board on a timely manner.

Based on the confirmation of independence submitted by the Independent Non-Executive Directors, the NC was of the view that each Independent Non-Executive Director is independent in accordance with the Listing Rule 210(5)(d) as the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee.

As both Mr. Ong Lay Khiam and Mr. Ang Peng Koon, Patrick have each served the Board as non-executive independence Directors for more than nine years, the NC has had performed a rigorous review of their continuing independence. During its review, the NC noted that, notwithstanding that they have served on the Board beyond nine years, they continue to demonstrate strong independence in character and judgement in engaging and challenging Management in the interests of the Group at the Board and Board Committee meetings. Both Mr Ong Lay Khiam and Mr Ang Peng Koon have, over the years, actively participated in the proceedings and decision-making process of Board meetings. They have constructively challenged and reviewed the performance of Management in achieving agreed goals. The Board considers them to have made impartial advice and insights and have exercised independent judgement in doing so without dominating the Board discussions in these proceedings and/or meetings. The Board also recognises that Mr Ong Lay Khiam and Mr Ang Peng Koon have developed substantial insight of the Group's business and operations and will continue to value add to the Board.

In considering the above factors and taking into account of their contribution in terms of experience, expertise, professionalism and integrity and having weighed on the need for progressive refreshing of the Board, the NC is of the view that both Mr. Ong Lay Khiam and Mr. Ang Peng Koon, Patrick continue to be independent. Each Independent Director is duly abstained from the NC/Board's determination of his independence. Following the review, the NC is satisfied that at least one-third of the Board comprises Independent Directors.

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

There is balance in the Board because of the presence of Independent and Non-executive Directors which is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also employees, customers, suppliers and the many communities in which the Group conducts business.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making 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 Ong Lay Khiam, is one of the independent directors. Mr Pek Lian Guan, is the CEO of the Company.

The Chairman is responsible for the workings of the Board which includes:

i) lead the Board to ensure its effectiveness on all aspects of its role;

ii) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

iii) promote a culture of openness and debate at the Board;

iv) ensure that the directors receive complete, adequate and timely information;

v) ensure effective communication with shareholders;

vi) encourage constructive communication within the Board and between the Board and Management;

vii) facilitate the effective contribution of non-executive directors in particular; and

viii) promote high standard of corporate governance.

He is available to address concerns, if any, of the Company's shareholders. Shareholders with concerns may contact him directly, when contact through the normal channels via the CEO or Chief Financial Officer ("CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate.

All the Independent Directors meet at least annually without the presence of the other Executive and Non-independent Directors to discuss matters of significance which are thereon reported to the Board accordingly. Ad-hoc meetings will be held if there is a need to discuss any other matters without the presence of Management.

As CEO, Mr Pek Lian Guan is responsible for formulating the Group's business strategy, directions, corporate plans and policies and day-to-day management affairs of the Group. He ensures effective and comprehensive discussion of the Board on these matters and monitors the translation of 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. There is no familial 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.

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

CORPORATE GOVERNANCE

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

1. to review the Board structure, size and composition and make recommendations to the Board with regard to any Board appointments and changes, where appropriate;

2. to determine the process for search, nomination, selection and appointment of new Board members and assess 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 review and determine 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;

6. to assess the effectiveness of the Board as a whole;

7. to review the succession plans for the CEO; and

8. to review training and professional development programmes for the Board.

The process for selection and appointment of new directors provides the procedure for identification of potential candidates, evaluation of candidate's skills, knowledge and experience, gender, assessment of candidates' suitability and recommendation for nomination to the Board. In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, taking into account the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews are set up with potential candidates for the NC members to assess them, before a decision is reached. No new director was appointed in the last financial year.

The NC also oversees the re-appointment of Directors in accordance with the requirement of the Companies Act, Cap. 50.

Although the Non-executive Director and Independent Directors hold directorships in other listed companies and/or have other principal commitments, the NC is satisfied that sufficient time and attention was 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. While there are no guidelines to address the competing time commitments faced by Directors serving on multiple boards, the Board has concurred with the NC's recommendation to fix the maximum number of board representations on listed company and other principal commitments for each Director at 5. Any appointment beyond the number of "5", the NC would review and determine if that particular Director is able to and has been adequately carrying out his duties as a Director of the Company.

Currently, no Director has appointed an Alternate Director.

In accordance with the Company's Constitution, one-third of the Directors for the time being shall retire from office by rotation at each Annual General Meeting ("AGM"); and 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 AGM immediately following their appointments.

CORPORATE GOVERNANCE

In recommending a Director for re-election to the Board, the NC considers, amongst other things, his performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). The NC has also considered the guidelines set out in the Code and is of the view that Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick are independent. Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick has also declared that they are independent.

The NC, after consideration, has recommended the nomination of Mr Pay Sim Tee and Mr. Ong Lay Khiam for re-election at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr. Pay Sim Tee and Mr. Ong Lay Khiam will be offering themselves for re-election at the forthcoming AGM. Mr Ong will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman, the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

Below table list down the information on the directors nominated for re-election, including the information required under Appendix 7.4.1 of the Listing Rules.

	Name of Director to be re-elected	
	Pay Sim Tee	**Ong Lay Khiam**
Date of appointment	24 February 2010	24 February 2010
Date of last re-appointment	26 April 2017	21st April 2016
Age	68	70
Country of Principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Pay's extensive knowledge and work experiences in earthwork, road and bridge construction, civil engineering and building works in Singapore and other countries will continue to enhance the board deliberations and contribute towards the core competencies of the Board.	Mr Ong's extensive work experiences in various big local financial institutions and expertise in accounting, finance and management will add relevant knowledge, skills, experience and diverse views to the Board.
Whether the appointment is executive, and if so, the area of responsibility	Executive, please refer to Board of Directors section for area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	– Non-executive Chairman and Independent Director; – Audit Committee Chairman; and – Nominating and Remuneration Committee member
Professional qualifications	Please refer to Board of Directors section for details	Please refer to Board of Directors section for details

CORPORATE GOVERNANCE

	Name of Director to be re-elected	
	Pay Sim Tee	**Ong Lay Khiam**
Working experience and occupation(s) during the past 10 years	Director of the following companies: i) Tiong Seng Group; ii) Peck Tiong Choon Group; and iii) Chang Chun Tang Pte. Ltd.	i) Executive Director, Lien Ying Chow Legacy Fellowship of Nanyang Technological University (July 2007 to September 2008); ii) Adjunct Associate Professor attached to Nanyang Technopreneurship Centre of Nanyang Technological University (July 2007 to June 2009); and iii) Executive Director of UBS AG Singapore, Wealth Management (September 2008 to September 2013)
Shareholding interest in the listed issuer and its subsidiaries	No	Hold 318,000 shares in Tiong Seng Holdings Limited
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	i) Cousin of Pek Lian Guan (Executive Director & CEO); ii) Director of Peck Tiong Choon (Private) Limited (substantial shareholders); iii) Cousin of Pek Dien Kee (Head of Asset Management); iv) Cousin of Pay Teow Heng (Project Director); and v) Uncle of Ong Chun Tiong (General Manager for the Group's subsidiaries in Tianjin, PRC)	No
Conflict of Interest (including any competing business)	Mr Pay Sim Tee holds numerous directorships in other companies (as disclosed in "working experience and occupation(s) during the past 10 years" which may have transactions with the Group. There are guidelines and review procedures for transactions made where potential conflict of interest may arise, including the review procedures described in section 3.5 of Appendix to the notice of AGM in relation to interested person transaction mandate and guideline and review procedures enumerated in the Company's IPO prospectus dated 7 April 2010	No

CORPORATE GOVERNANCE

	Name of Director to be re-elected	
	Pay Sim Tee	**Ong Lay Khiam**
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) submitted to the Company?	Yes	Yes
Current directorships – Public Companies	Tiong Seng Holdings Limited	Director of the following companies: i) Tiong Seng Holdings Limited; and ii) Lien Aid Limited
– Private Companies	Tiong Seng Holdings Limited Group 1. Chang De Investment Private Limited 2. Tiong Seng Contractors (Private) Limited 3. Robin Village Development Pte. Ltd. 4. Jet-Scan Private Limited 5. TSC Innovative Builder Pte. Ltd. 6. Tiong Seng Properties (Private) Limited	
	7. Cangzhou Huashi Property Development Co., Ltd. 8. Suzhou Huisheng Construction Development Co. Ltd. Peck Tiong Choon (Private) Limited Group 9. Peck Tiong Choon (Private) Limited 10. Peck Tiong Choon Transport Pte. Ltd. 11. Peck Tiong Choon Logistic Pte. Ltd. 12. Peck Tiong Choon Leasing Pte. Ltd. Others 13. Chang Chun Tang Pte. Ltd.	
Past directorships (in the last 5 years)	1. Solid Resources (S) Holding Pte. Ltd.; 2. Solid Resources Investments Ltd; and 3. Jiangsu Huiyang Construction Development Co., Ltd.	i) Dou Yee Enterprises (S) Pte Ltd; and ii) International Healthway Corporation Limited
Any prior experience as a director of an issuer listed on the Exchange?	Not Applicable. This is a re-election of a director	Not Applicable. This is a re-election of a director

The two directors standing for re-election at the forthcoming AGM have been appointed since the Company's listing in year 2010. There are no changes to the disclosure required under items (a) to (k) to the Appendix 7.4.1 of the Listing Manual as provided in the Company's prospectus dated 7 April 2010 in respect of their appointments to the Board.

The key information regarding the directors is presented in the section entitled "Board of Directors" of this Annual Report.

CORPORATE GOVERNANCE

Principle 5: Board Performance

The NC has established a process for assessing the effectiveness of the Board as a whole for the long term performance of the Group. Board performance evaluation is carried out on an annual basis to assess and evaluate the Board's size, composition, and expertise, independence, the Board's access to information as well as Board accountability and processes. In the assessment, each director is required to complete a questionnaire on the Board and board committee. The results of the performance evaluation will be reviewed by the NC before reporting to the Board. 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. No external facilitator had been engaged by the Board for this purpose. The NC and the Board were generally satisfied with the results of the Board performance evaluation for FY2018.

As the Board Committees, namely, Audit Committee, NC and Remuneration Committee, comprise members who are also Board members, the NC had reviewed and considered that separate assessment of the effectiveness of each Board Committee and individual Director evaluation as recommended by the Code were not deemed necessary and that the current annual assessment of the Board as a whole was sufficient for the time being.

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 of and understand the decisions and actions of Management. In addition, the Board receives from Management quarterly management reports which present a balanced and understandable assessment of the Group's financial performance, position and prospect.

Board papers are prepared by Management for each Board meeting and are circulated to the Directors before the scheduled meeting on a timely basis. Board papers prepared by Management include adequate information relating to financial, business and corporate issues to enable the Directors to be properly briefed on agenda issues to be reviewed and considered at Board meetings.

The Company Secretary attends all Board and Board Committees meetings and takes the minutes of all key decisions taken and issues discussed. The Company Secretary also provides advice, secretarial support and assistance to the Board and ensures adherence to Board procedures (including but not limited to good information flows within the Board and its Committees and between senior management and Non-executive Directors) and the relevant rules and regulations applicable to the Company.

Pursuant to the Company's Constitution, the appointment or removal of the Company Secretary is subject to approval by the Board.

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

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three members, a majority of whom, including the Chairman, are Independent Directors. All of the members of the RC are non-executive 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 general framework of remuneration for the Board and key management personnel and to review and recommend for endorsement by the Board the specific remuneration packages and terms of employment for each Director, key management personnel of the Group and employees related to Directors or, controlling shareholders of the Group;

2. to review the Group's obligation arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contract of services contain fair and reasonable termination clauses which are not overly generous; and

3. 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.

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 from time to time seek advice from external consultants, who are unrelated to the Directors or any organisation they are associated with, on remuneration matters and remuneration of the Directors' and key management personnel. The Company has not appointed any remuneration consultants for FY2018.

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 management personnel.

The RC also reviews all matters concerning the remuneration of the Independent Directors and Non-Executive Directors to ensure that the remuneration commensurate with the effort, time spent and responsibilities of the Directors and not to be over-compensated to the extent that their independence may be compromised. To demonstrate the commitments and align the interests of the non-executive Directors with that of shareholders, all our non-executive Directors hold shares in the Company.

The RC had recommended to the Board an amount of S$300,000 as Directors' fee for the financial year ending 31 December 2019, to be paid in arrears. The Directors' fee are payable to all the Directors except for the CEO. The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

The existing service agreement of Mr Pek Lian Guan, CEO and Executive Director of the Company, is for a period of 3 years, and may be terminated with 6 months' notice in writing served by either party.

No Director is involved in deciding his own remuneration.

The remuneration packages of Executive Directors and key executives consist of fixed, variable components and benefits. The fixed component comprises the basic salary and Central Provident Fund contribution. To ensure that key executives' remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, giving due regard to the performance criteria as set out in the Key Performance Indicators that linked to pre-agreed financial and non-financial performance targets for Variable Bonus and Incentive Plan, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements. The variable component comprises a variable bonus based on the Group's and the individual's performance, as well as the monthly variable component of the basic salary. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure alignment of their interests with those of shareholders and promote the long-term success of the Group.

Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowance and club benefits. Eligibility for these benefits will depend on factors inter-alia individual roles and responsibilities, salary grade and length of service.

The Company has in place a Share Award Scheme ("Scheme") administered by the RC. Non-executive directors and employees as at the date of grant who have attained 21 years old and are not undischarged bankrupts shall be eligible to participate in the Scheme. Persons who are controlling shareholders or associates of a controlling shareholder are not eligible to participate in the Scheme. To-date, no awards have been granted under the Scheme. Details of the Scheme are disclosed under Annex J of the Company's IPO prospectus dated 7 April 2010.

Contracts with Executive Directors and key management personnel contain "claw back" termination clause to safeguard the Group's interests in the event of exceptional circumstances of misstatement of financial statements, misconduct resulting in financial loss or fraud by Executive Directors and key management personnel.

CORPORATE GOVERNANCE

Principle 9: Disclosure on Remuneration

The annual remuneration level and mix of each individual Director for FY2018 is set out as follows:

	Basic Salary	Bonus, AWS and Profit Sharing	Other Benefits	Director's Fees	Total	
	%	%	%	%	%	S$'000
Executive Directors						
Pek Lian Guan	96	–	4	–	100	640
Pay Sim Tee	60	14	17	9	100	649
Non-executive Directors						
Lee It Hoe	–	–	–	100	100	60
Ong Lay Khiam	–	–	–	100	100	120
Ang Peng Koon, Patrick	–	–	–	100	100	60

Mr Pek Dien Kee, brother of Mr Pek Lian Guan (the CEO and an Executive Director), was employed as the Head of Asset Management and director of a few of the subsidiaries in the Group. He has received remuneration comprising salary and annual bonus in the salary band of between S$550,000 to S$600,000 during FY2018.

Mr Pek Zhi Kai, son of Pek Lian Guan (the CEO and an Executive Director), was employed as Commercial and Risk Manager of a subsidiary of the Group, Steeltech Industrial Pte Ltd. He has received remuneration comprising salary and annual bonus in the salary band of between S$50,000 to S$100,000 during FY2018.

Save as disclosed, there are no other employees who are immediate family members of a Director or the CEO and whose remuneration exceed S$50,000 for FY2018.

The aggregate remuneration paid to the top 5 key management personnel (who are not Directors or the CEO) in FY2018 was S$1,986,000. However, the remuneration of the top 5 key management personnel (who are not Directors or the CEO) is not disclosed in the bands of S$250,000 and on a named basis as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of the individual key management personnel is disadvantageous to its business interest, given the scarcity of talents and highly competitive industry conditions that it is operating in.

The Company does not provide any termination, retirement and post-employment benefits to Directors, CEO and the top 5 key management personnel (who are not Directors or the CEO).

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board aims to provide a balanced and understandable assessment of the Group's financial performance, position and prospect when presenting interim and other price sensitive public reports, and reports to regulators (if required).

Financial results are released on a quarterly basis to shareholders within the timeline 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 Singapore Financial Reporting Standards (International) and approved by the Board before release to the SGX-ST and the investing public through SGXNET. Negative assurance statements were issued by the board to accompany the company's quarterly results announcements, confirming that to the best of its knowledge, nothing had come to its attention which would render the company's quarterly results false or misleading. The releases of the quarterly and annual financial information are accompanied by news releases issued to the media and which are also posted on the SGXNet. Management provides the Board with information on the Group's performance, financial position and prospects on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospect. This is supplemented by regular updates on matters affecting the financial performance, business of the Group, if any.

The Group also keeps its stakeholders and public informed on information that would be likely to materially affect the price or value of the Group's securities on a timely and consistent basis.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risks and sets the tone and direction for the Group in the way risks are being managed. The Board has the responsibility to approve the strategy of the Group in a manner which addresses stakeholders' expectations without subjecting to an unacceptable level of risks.

The Company, had implemented an Enterprise Risk Management ("ERM") framework incorporating the establishment of risk strategy, policies, identification and management processes. Action plans to manage the risks are continually being monitored and refined by Management and the Board.

Given the level of operations of the Group, the Board has decided to incorporate the oversight of the ERM framework and policies into the function of the Audit Committee, instead of establishing a separate Risk Committee.

In order to be assured that the Group's risks are managed adequately and effectively, the Board had reviewed the risks overview identified counter measures to manage the risks at an acceptable level as well as reviewing the adequacy and effectiveness of the internal controls and risk management systems put in place to mitigate the risks.

The Board has obtained a written confirmation from the CEO and CFO:–

a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the ERM framework maintained, assurance received from the CEO and CFO and reviews performed by the Board, Management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2018.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises three members, a majority of whom, including the Chairman, are Independent Directors. All of the members of the AC are non-executive directors:

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

The AC is responsible for assisting the Board in discharging its responsibilities relating to internal controls and risk management systems, financial and other accounting matters as well as matters pertaining to regulatory compliance. The Board believes that the AC members are appropriately qualified to discharge their duties and responsibilities. Two members of the AC, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firm.

The AC meets at least 4 times a year and, as and when deemed appropriate to carry out its function, AC members are kept abreast of any changes to accounting standards and issues affecting the financials by the external auditors and Management at the AC meetings, where appropriate.

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

1. to review with the internal and external auditors their audit plans, their evaluation of the system of internal controls, their audit reports and the management letter and Management's responses;

2. to review significant financial reporting issues and judgments so as to ensure the integrity of the quarterly and full-year financial statements of the Group and any formal announcements relating to the Group's financial performance before submission to the Board for approval;

CORPORATE GOVERNANCE

3. to review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management policies;

4. to oversee the ERM framework and policies and review the internal control procedures and ensure co-ordination between the external and internal auditors and Management, review the assistance given by Management to the auditors, and discuss problems and concerns, if any, arising from the interim and/or full-year audits;

5. to make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of the engagement;

6. to review the adequacy and effectiveness of the Company's internal audit function;

7. to review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

8. 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 the Board;

9. to review potential conflict of interest, if any, including review of annual confirmations from the relevant parties to determine if the terms of the non-compete undertakings remain valid;

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

11. to review and discuss with the external auditors any suspected frauds or irregularity, or suspected infringement of any applicable law, 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; and

12. to review the policy and arrangements by which staff of the Company or the Group and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing programme.

The AC is authorised by the Board to investigate any matter within its terms of reference and has full access to, and cooperation of Management, with full discretion to invite any director or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its functions properly.

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

In the review of the financial statements, the AC has discussed with management and external auditors with regards to the significant matters in relation to the financial statements, the accounting principles applied therein and judgement involved that might have an implication to the integrity of the financial statements.

i) Accounting for construction contracts

The Group applies estimates in accounting for construction contracts, which includes determination of the stage of completion of the construction contracts to-date, assessment of total construction costs of delivering the entire construction contracts and of work performed to-date, foreseeable loss and liquidated damages (if any). The AC assessed the reliability of the management's estimates by considering bases used by the management in the estimates of total construction costs of delivering the entire construction contracts and of work performed to-date, approaches applied in determining stage of completion of the construction contracts to-date, judgement made as to foreseeable loss and liquidated damages (if any). The AC also considered the communication from the external auditors on this matter.

CORPORATE GOVERNANCE

ii) Valuation of development properties

The AC considered the approach and methodology applied to the valuation model in determining the recoverable amounts of development properties and reviewed the reasonableness of assumptions adopted and judgement made by management in the assessment of any potential allowance for impairment and the provision therefrom (if any). The AC also considered the external auditors' communication on this matter.

iii) Impairment assessment on non-financial assets

The AC considered the approach and methodology applied to the valuation model in non-financial assets impairment assessment. It reviewed the reasonableness of the estimation of fair value less cost to sale and considered the external auditors' communication on this matter.

Following the review and discussion, the AC recommended to the Board to approve the full year financial statements.

The accounts of the Company's significant subsidiaries and associated companies are audited by KPMG LLP, an auditing firm registered with the ACRA, and overseas member firms of KPMG. For subsidiaries and/or significant associated companies which are not audited by KPMG LLP or overseas member firms of KPMG, the AC and Board are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with the Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

The AC assesses the independence of the external auditors annually. The AC had reviewed and is satisfied that the non-audit services provided by the external auditors in FY2018 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 FY2018 was S$140,000. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as auditors at the forthcoming AGM.

Details of the fees of the external auditors of the Company for FY2018 are as follows:

	FY2018 $'000	FY2017 $'000
Fees paid/payable to external auditors for:		
– Audit services	510	554
– Non-audit services	140	197

The Group has in place a Whistle-Blowing Programme which provides well-defined and accessible channels in the Group through which employees and external parties may, in confidence, raise concern about possible fraudulent activities, malpractices or improper conduct on financial reporting or other matters within the Group, in a responsible and effective manner. The Group undertakes to independently investigate such complaints in an objective manner with appropriate follow up actions being taken thereafter. To facilitate participation by the external parties, the Whistle-Blowing Programme is also available on the Company's website at www.tiongseng.com.sg.

Principle 13: Internal Audit

The AC with the assistance of the internal and external auditors, reviews the adequacy and effectiveness of the Company's internal controls and risk management policies and systems established by Management on an annual basis. Any material non-compliance or weakness in internal controls and recommendations for improvements is 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 Company's internal audit function is independent of the external audit. PwC has been appointed as internal auditor and is staffed with professionals with relevant qualifications and experience to carry out the internal audit function. The internal auditor reports directly to the AC Chairman and has full access to all documents, records, properties and personnel of the Group. 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.

CORPORATE GOVERNANCE

During the financial year, the internal auditor conducted its audit reviews based on the internal audit plan approved by the AC. Upon the completion of their internal audit reviews, the internal auditor reports to the AC on the status of the audit plan and on audit findings and responses from/actions taken by Management on the findings.

The AC assesses the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the Company's internal audit function is independent, effective and adequately resourced. The internal auditor is guided by the PwC Global Internal Audit Services Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Company recognizes and is committed to protect shareholders rights under the Constitution and the relevant laws and regulations. All shareholders are treated fairly and equitably. The Company 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, effective and fair communication with its shareholders. The Company disseminates all material price-sensitive information and quarterly results to its shareholders via SGXNET and Company's website www.tiongseng.com.sg on a non-selective basis, and through press releases on a timely basis.

The Company has engaged an external professional investor relation ("IR") firm, with the aim to better communicate with its shareholders and analyst on a regular basis and to gather views or inputs, and take any of their queries or concerns. The IR firm also manages the dissemination of information to the media, public, institutional investors and public shareholders, and act as liaison with these parties. Shareholders can contact or provide their views directly to the IR firm.

All shareholders receive the Company's Annual Report or circulars and notice of AGMs and/or General Meetings by post within the mandatory period. The notice of AGM and/or General Meetings is announced through SGXNET and also advertised in the newspaper. The Company welcomes the views of the shareholders on matters concerning the Company and Group and encourages shareholders' participation at AGMs. Each item of special business included in the notice of the meeting will be accompanied by a statement regarding the effect of a proposed resolution. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions.

Shareholders (who are not relevant intermediaries) have the opportunity to participate effectively and to vote in the AGMs/General Meetings either in person or by appointing up to two proxies. As the authentication of shareholder identity information and other related security issues remain a concern, the Company has not for the time being, implement voting in absentia by mail, email or fax. All resolutions at the Company's general meetings will be voted by way of a poll, which the voting procedures are clearly explained by the scrutineers at such general meetings to the shareholders, to better reflect shareholders' interest pursuant to Rule 730(A)(2) of the Listing Manual. The detailed results showing the number of votes cast for and against each resolution and the respective percentages would be announced via SGXNET after the conclusion of the general meetings. Company secretary will prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating the agenda of the meeting, and responses from the Board and Management. The minutes of the general meetings are available to shareholders upon their written request.

In General Meetings, shareholders are given the opportunity to proactively engage with the Board and Management regarding the Group's business activities and operations, financial performance and other business related matters. All Directors, in particular, the Chairman of the Board and Chairpersons of the AC, NC and RC are usually present at the AGMs/General Meetings to address shareholders' queries. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders about the conduct of the audit and the preparation and content of the auditors' report.

CORPORATE GOVERNANCE

Dividend Policy

The Company currently does not have a fixed dividend policy. Any declaration and payment of dividends will depend on, *inter alia*, the Group's earnings, operating results, financial conditions, development/investment plans, capital requirements, capital expenditure, gearings and any other factors deemed relevant by the Board.

The details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

Dealings in Securities

The Company had adopted a policy governing dealings in securities of the Company by the Directors and the Officers of the Group. 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 discussion 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 guidelines on share buyback under the Share Buyback Mandate, to be renewed at the Company's forthcoming AGM also provides that the Company will not effect any purchases of shares on the SGX-ST during the period of one month immediately preceding the announcement of the Company's full year results and two weeks immediately before the announcement of the Company's first, second and third quarter results.

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 the procedures for the identification, approval and monitoring of interested person transactions ("IPTs"). All IPTs 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 and are not prejudicial to the interests of the Group and its minority shareholders.

Considering that the Group will, in the ordinary course of business, continue to have transactions with Peck Tiong Choon (Private) Limited and its subsidiaries, the Interested Persons, from time to time; and the time-sensitive and recurrent nature of the transactions, Shareholders' mandate for the IPTs ("IPT Mandate") was first obtained at the Extraordinary General Meeting ("EGM") held on 28 April 2014. The methods or procedures for determining the transaction prices have not changed since the last EGM and are sufficient to ensure that the transactions have been and will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. In view of the above, an independent financial adviser's opinion is not required for the renewal of the IPT Mandate at the forthcoming AGM.

CORPORATE GOVERNANCE

The aggregate value of IPTs entered into during FY2018 is as follows:

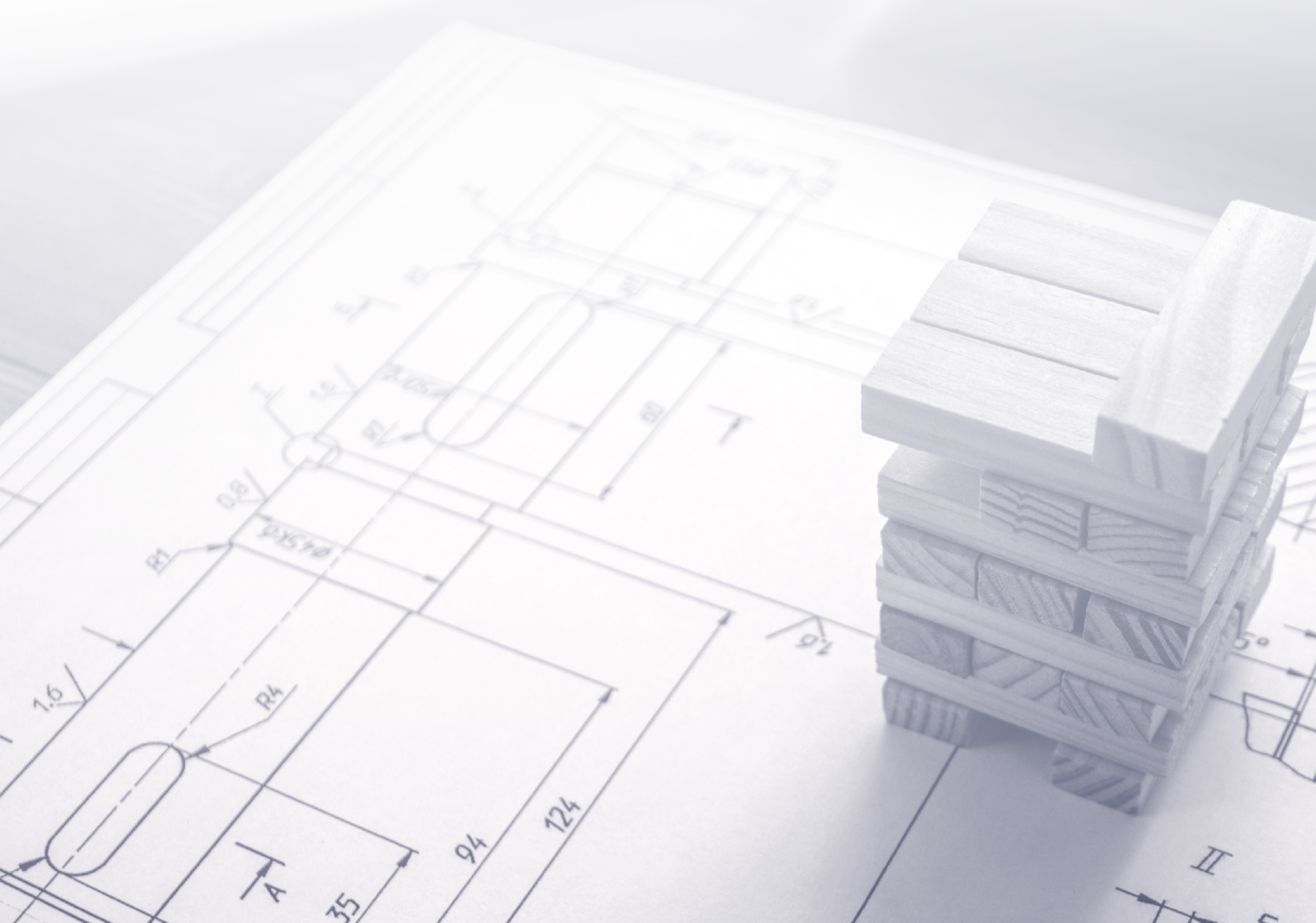
Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Construction revenue Peck Tiong Choon (Pte) Ltd*	S$3,813,000	–
Total	S$3,813,000	–
Hiring Charges Peck Tiong Choon Transport (Pte) Ltd Peck Tiong Choon Logistic (Pte) Ltd	– –	S$6,251,000 S$166,000
Total	–	S$6,417,000

* The transaction was approved by shareholders in an extraordinary general meeting held on 16 December 2016 under Rule 906(1)(a) of the listing manual.

Material Contracts

Saved for the Service Agreement entered with the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Directors or controlling shareholders during or at the end of FY2018.

FINANCIAL CONTENT



DIRECTORS' STATEMENT

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 2018.

In our opinion:

(a) the financial statements set out on pages 50 to 139 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, 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 (International); 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.

DIRECTORS

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

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

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the 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
Ong Lay Khiam		
Tiong Seng Holdings Limited		
– ordinary shares		
– interests held	318,000	318,000
Pek Lian Guan[1]		
Tiong Seng Holdings Limited		
– ordinary shares		
– deemed interests	1,992,000	2,224,400
Lee It Hoe		
Tiong Seng Holdings Limited		
– ordinary shares		
– deemed interests	286,275,330	286,275,330
Ang Peng Koon, Patrick		
Tiong Seng Holdings Limited		
– ordinary shares		
– interests held	265,000	265,000

1 Mr Pek Lian Guan was deemed interested in $500,000 in principal amount of the Company's 4.75 per cent fixed rate medium term notes due in January 2018 held by his spouse. The $500,000 4.75 per cent fixed rate medium term notes was fully redeemed by the Company on 3 January 2018.

DIRECTORS' STATEMENT

By virtue of Section 7 of the Act, 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 statement, 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 were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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.

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company 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 statement 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 Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. 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).

DIRECTORS' STATEMENT

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.

AUDITORS

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

On behalf of the Board of Directors

Ong Lay Khiam
Director

Pek Lian Guan
Director

29 March 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tiong Seng Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tiong Seng Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 139.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

<table>
<tr><th colspan="2">Accounting for construction contracts</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The Group uses estimates in accounting for its construction contracts. Revenues from construction contracts are recognised progressively over time. Stage of completion was previously measured by reference to surveys performed. Under SFRS (I) 15 Revenues from contracts with customers, the Group has reassessed the measurements used in determining the stage of completion and adopted the input method, which is based on construction costs incurred to-date as compared to the estimated total construction costs.
Determining the stage of completion and the recoverability of contract assets involve judgement and are subject to estimation uncertainties. Such estimates include:

Total costs of delivering the entire contract;
Total costs of work performed to-date;
Foreseeable losses, if any; and
Liquidated damages, if any.

Changes in the above estimates may have an impact on the Group's revenue from construction contracts, costs of construction contracts and profit.
</td><td>
Our response
We tested controls over the Group's processes for budgeting contract costs and determining costs of work performed to-date. We also assessed the reliability of management's estimation of contract costs by comparing the final outcomes of projects completed during the year to previous estimates made on those projects.
For a selection of contracts, we assessed the reasonableness of stage of completion by:

Assessing the adequacy of budgeted contract costs by comparing them with the actual costs incurred to-date;
Where applicable, identifying any changes in assumptions and estimates applied in the budget from previous years and evaluated the reasons provided by management for the changes;
Enquiring with management on the progress of the construction to identify potential delays or cost overruns that may require revision in budgeted contract costs or a provision for foreseeable losses; and
Ascertaining the reasonableness of costs of work performed to-date by checking to the latest claims from the subcontractor/suppliers and testing the post year end payments.

For a selection of contract assets, we assessed the recoverability of the carrying amounts by checking to post year end receipts, enquiring with management and reviewing correspondences to identify potential dispute on the work done.
</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

Accounting for construction contracts	
The key audit matter	***How the matter was addressed in our audit***
	In respect of the risks from liquidated damage claims arising from contracts, if any, we enquired with management to understand their assessment of the progress of claims. We inspected correspondences with the customers. We also considered the Group's prior experience on final settlement of claims and compared resolutions of claims to settlements after year end, where applicable, to ascertain the reasonableness of management's assessment. We also tested the adjustments to retained earnings and prior year balances resulting from the adoption of SFRS(I) 15. We considered the adequacy of the Group's disclosure made around contract accounting in the financial statements including the transition disclosure. **Our finding** We found that the Group's estimates of budgeted contract costs, costs for work performed to-date, stage of completion and provision for foreseeable losses to be balanced. We found that the Group's disclosure of contract accounting in Note 3.16 and transition disclosure in Note 37 to the financial statements complies with relevant accounting standards.

INDEPENDENT AUDITORS' REPORT

<table>
<tr><th colspan="2">Valuation of properties under development held for sale</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group has significant properties under development in China. There is a risk that net realisable values of these properties may be lower than their carrying amounts.

Development costs may also escalate when the progress of any development is delayed and this could result in the carrying amounts of the affected properties under development exceeding their net realisable values.

The Group uses the following methods to determine net realisable values for its property under development:

• Valuation reports issued by external independent valuers who the Group believes have the relevant qualification and industry experience. The valuation involves estimating the selling prices of the property under development; and

• Management's assessment of the estimated selling prices of the property under development.</td><td>Our response

For external independent valuation reports, we reviewed the Group's process of appointing independent valuers; and evaluated the competence, capabilities and objectivity of these valuers. We held discussions with the valuers to understand their valuation methods and basis of valuation by comparing them with methodologies applied by other valuers for similar properties. We evaluated the reasonableness of the estimated selling prices indicated in valuation reports by comparing them with recent asking prices of comparable properties in the vicinity.

For the assessment done by management, we assessed the reasonableness of management's estimated selling prices by comparing them with recent asking prices of comparable properties in the vicinity and considered the market supply and demand of properties projected by valuers.

Where applicable, we assessed the reasonableness of the estimated development costs to complete a project by comparing the progress of the construction with the initial plan and considering whether there is any significant delay or deviation in plan which may require revision in estimated costs to complete.

We also considered the adequacy of the Group's disclosure made around allowance for loss in the financial statements.

Our finding

We found no matters of concern regarding the competence, capabilities and objectivity of the external valuers and the methodologies and assumptions used by the valuers.

We found the management's assessment of estimated selling prices and estimated costs to complete to be balanced.

We found that the Group's disclosure of allowances made for property under development in Note 15 to the financial statements complies with relevant accounting standards.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets	
The key audit matter	***How the matter was addressed in our audit***
The Group's net asset value exceeded its market capitalisation by $182.2 million as at 31 December 2018. This indicates that non-financial assets may be impaired. Impairment assessment involves estimating the recoverable amounts of the cash generating unit ("CGU") to which the non-financial assets belongs. The determination of recoverable amounts involves judgement and is subject to estimation uncertainties. The recoverable amount of each CGU is its fair value less costs to sell with reference to recent market transactions.	**Our response** Our audit procedures included, among others, testing the control designed and applied by the Group to ensure that its impairment analysis is appropriately undertaken and reviewed. We evaluated the identification of CGUs by the Group based on our understanding of the business. When recoverable amounts were based on a CGU's fair value less costs to sell supported by external valuations, we reviewed the Group's process of appointing the independent valuers; and evaluated the competence, capabilities and objectivity of these valuers. We evaluated the reasonableness of the estimated selling prices indicated in valuation reports by comparing them with recent asking prices of comparable properties in the vicinity. When recoverable amounts were based on management own estimate of a CGU's fair value less costs to sell, we assessed the reasonableness of management's estimated selling prices by comparing them with recent asking prices of comparable properties in the vicinity and considered the market supply and demand of properties projected by valuers. **Our finding** We found no matters of concern regarding the competence, capabilities and objectivity of the external valuers and the assumptions used by the valuers. We found that the Group had assessed based on a balanced set of assumptions and estimates.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Low Gin Cheng, Gerald.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000	Group 1 January 2017 $'000	Company 2018 $'000	Company 2017 $'000	Company 1 January 2017 $'000
Non-current assets							
Property, plant and equipment	4	**121,016**	129,349	123,164	**–**	–	–
Intangible assets	5	**387**	408	1,235	**–**	–	–
Investment properties	6	**16,273**	13,584	14,927	**–**	–	–
Subsidiaries	7	**–**	–	–	**59,624**	59,624	59,624
Associates and joint ventures	8	**42,579**	34,162	30,535	**–**	–	–
Trade and other receivables	9	**11,741**	13,929	30,719	**–**	–	–
Amount due from related parties	16	**3,500**	2,715	1,653	**–**	–	–
Other investments	10	**1,271**	1,285	1,145	**–**	–	–
Deferred tax assets	11	**431**	202	204	**–**	–	–
		197,198	195,634	203,582	**59,624**	59,624	59,624
Current assets							
Inventories	12	**1,045**	1,074	1,467	**–**	–	–
Contract costs	13	**877**	1,628	1,579	**–**	–	–
Contract assets	14	**73,969**	77,641	60,001	**–**	–	–
Development properties	15	**234,290**	278,676	336,049	**–**	–	–
Trade and other receivables	9	**79,444**	95,104	111,978	**7**	7	3
Amounts due from related parties	16	**38,220**	48,516	49,365	**104,436**	104,436	129,981
Cash and cash equivalents	17	**39,975**	143,715	92,248	**82**	77,078	2,930
		467,820	646,354	652,687	**104,525**	181,521	132,914
Assets held for sale	18	**215**	–	–	**–**	–	–
		468,035	646,354	652,687	**104,525**	181,521	132,914
Total assets		**665,233**	841,988	856,269	**164,149**	241,145	192,538
Equity attributable to owners of the Company							
Share capital	19	**181,947**	181,947	181,947	**181,947**	181,947	181,947
Treasury shares	19	**(4,452)**	(3,033)	(1,310)	**(4,452)**	(3,033)	(1,310)
Reserves	20	**(76,757)**	(71,149)	(65,948)	**(45,850)**	(45,850)	(45,850)
Retained earnings/ (Accumulated losses)		**167,684**	165,588	135,195	**(25,771)**	(27,641)	(22,622)
		268,422	273,353	249,884	**105,874**	105,423	112,165
Non-controlling interests	35	**38,301**	46,982	56,944	**–**	–	–
Total equity		**306,723**	320,335	306,828	**105,874**	105,423	112,165
Non-current liabilities							
Trade and other payables	21	**7,588**	23,296	24,348	**–**	–	–
Loans and borrowings	22	**13,585**	17,184	90,931	**–**	–	72,568
Deferred tax liabilities	11	**3,509**	3,779	5,810	**–**	–	–
		24,682	44,259	121,089	**–**	–	72,568
Current liabilities							
Contract liabilities	14	**35,383**	105,939	137,709	**–**	–	–
Trade and other payables	21	**169,893**	216,127	165,400	**219**	3,592	3,197
Amounts due to related parties	16	**22,676**	23,785	28,800	**58,056**	59,119	4,608
Loans and borrowings	22	**96,325**	114,882	85,449	**–**	72,996	–
Current tax payable		**9,551**	16,661	10,994	**–**	15	–
		333,828	477,394	428,352	**58,275**	135,722	7,805
Total liabilities		**358,510**	521,653	549,441	**58,275**	135,722	80,373
Total equity and liabilities		**665,233**	841,988	856,269	**164,149**	241,145	192,538

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue			
Revenue from construction contracts	23	**313,483**	705,335
Revenue from sales of development properties	23	**64,069**	95,503
Rental income	23	**1,548**	1,933
		379,100	802,771
Other income	24(a)	**4,756**	6,221
Costs of construction contracts		**(274,250)**	(636,685)
Costs of sales of development properties		**(52,526)**	(80,203)
Depreciation and amortisation		**(7,919)**	(5,103)
Selling expenses		**(2,416)**	(3,155)
Staff costs	24(c)	**(20,857)**	(20,187)
Other expenses	24(b)	**(10,992)**	(11,469)
		(368,960)	(756,802)
Profit from operating activities		**14,896**	52,190
Finance income	25	**1,573**	2,182
Finance costs	25	**(7,952)**	(10,311)
Net finance costs		**(6,379)**	(8,129)
Share of profit of joint ventures, net of tax		**209**	91
Profit before tax		**8,726**	44,152
Tax expense	26	**(305)**	(9,943)
Profit for the year		**8,421**	34,209
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		**(5,095)**	(4,315)
Exchange differences on monetary items forming part of net investment in a foreign operation		**(2,270)**	(1,278)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		**299**	175
Other comprehensive income for the year, net of tax		**(7,066)**	(5,418)
Total comprehensive income for the year		**1,355**	28,791
Profit attributable to:			
Owners of the Company		**8,808**	34,023
Non-controlling interests		**(387)**	186
Profit for the year		**8,421**	34,209
Total comprehensive income attributable to:			
Owners of the Company		**3,225**	30,712
Non-controlling interests		**(1,870)**	(1,921)
Total comprehensive income for the year		**1,355**	28,791
Earnings per share			
– Basic and diluted (cents)	27	**1.98**	7.53

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Attributable to owners of the Company									
		Share capital $'000	Treasury shares $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017		181,947	(1,310)	(77,720)	1,888	3,564	6,320	135,195	249,884	56,944	306,828
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	34,023	34,023	186	34,209
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	(2,208)	–	(2,208)	(2,107)	(4,315)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	(1,278)	–	(1,278)	–	(1,278)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		–	–	–	–	–	175	–	175	–	175
Total other comprehensive income		–	–	–	–	–	(3,311)	–	(3,311)	(2,107)	(5,418)
Total comprehensive income for the year		–	–	–	–	–	(3,311)	34,023	30,712	(1,921)	28,791
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares		–	(1,723)	–	–	–	–	–	(1,723)	–	(1,723)
Dividends declared	19	–	–	–	–	–	–	(3,630)	(3,630)	(58)	(3,688)
Acquisition of non-controlling interest without a change in control		–	–	–	(1,890)	–	–	–	(1,890)	(7,983)	(9,873)
Total transactions with owners of the Company		–	(1,723)	–	(1,890)	–	–	(3,630)	(7,243)	(8,041)	(15,284)
At 31 December 2017		181,947	(3,033)	(77,720)	(2)	3,564	3,009	165,588	273,353	46,982	320,335

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Attributable to owners of the Company									
		Share capital $'000	Treasury shares $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018		181,947	(3,033)	(77,720)	(2)	3,564	3,009	165,588	273,353	46,982	320,335
Adjustment on initial application of SFRS(I) 9 (net of tax)	37	–	–	–	–	–	–	(37)	(37)	–	(37)
Adjusted balance at 1 January 2018		181,947	(3,033)	(77,720)	(2)	3,564	3,009	165,551	273,316	46,982	320,298
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	8,808	8,808	(387)	8,421
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	(3,612)	–	(3,612)	(1,483)	(5,095)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	(2,270)	–	(2,270)	–	(2,270)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		–	–	–	–	–	299	–	299	–	299
Total other comprehensive income		–	–	–	–	–	(5,583)	–	(5,583)	(1,483)	(7,066)
Total comprehensive income for the year		–	–	–	–	–	(5,583)	8,808	3,225	(1,870)	1,355
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares		–	(1,419)	–	–	–	–	–	(1,419)	–	(1,419)
Dividends declared	19	–	–	–	–	–	–	(6,675)	(6,675)	(3,259)	(9,934)
Capital reduction in a subsidiary		–	–	–	–	–	–	–	–	(3,577)	(3,577)
Acquisition of non-controlling interest without a change in control		–	–	–	(25)	–	–	–	(25)	25	–
Total transactions with owners of the Company		–	(1,419)	–	(25)	–	–	(6,675)	(8,119)	(6,811)	(14,930)
At 31 December 2018		181,947	(4,452)	(77,720)	(27)	3,564	(2,574)	167,684	268,422	38,301	306,723

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit from operating activities		**14,896**	52,190
Adjustments for:			
Depreciation and amortisation		**18,902**	16,915
Property, plant and equipment written off		**8**	–
Gain on disposal of:			
– property, plant and equipment		**(405)**	(251)
– investment properties		**–**	(1,357)
Impairment loss on intangible assets		**–**	463
Reversal of impairment loss on trade receivables		**(3)**	(4)
		33,398	67,956
Changes in:			
Inventories		**29**	393
Contract costs		**751**	(49)
Contract assets/liabilities		**(66,884)**	(49,410)
Development properties		**35,689**	53,201
Trade and other receivables		**17,170**	35,592
Trade and other payables		**(63,644)**	46,287
Balances with related parties (trade)		**1,661**	(11,425)
Cash (used in)/generated from operations		**(41,830)**	142,545
Tax paid		**(8,029)**	(7,615)
Tax refunded		**–**	429
Net cash (used in)/from operating activities		**(49,859)**	135,359
Cash flows from investing activities			
Distribution received from joint ventures		**–**	136
Distributions received from other investments		**–**	69
Investment in a joint venture		**(13,185)**	(12,739)
Investment in an associate		**(914)**	–
Loan repayment from joint ventures		**7,755**	12,135
Interest received		**353**	1,058
Proceeds from disposal of:			
– property, plant and equipment		**2,632**	519
– investment properties		**–**	1,891
Purchase of:			
– other investments		**–**	(190)
– property, plant and equipment[(a)]		**(16,555)**	(22,093)
– intangible assets		**(72)**	(137)
Government grant received for purchase of property, plant and equipment[(a)]		**603**	15
Balances with related parties (non-trade)		**(3,798)**	(3,578)
Net cash used in investing activities		**(23,181)**	(22,914)

The accompany notes from an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Increase in deposits pledged		**(38)**	(2)
Decrease in restricted cash		**1,576**	2,205
Dividends paid to:			
– owners of the Company		**(6,675)**	(3,630)
– non-controlling interests[(b)]		**–**	(58)
Interest paid		**(2,441)**	(5,143)
Acquisition of non-controlling interests in subsidiaries[(b)]		**–**	(4,457)
Purchase of treasury shares		**(1,419)**	(1,723)
Payments of finance lease liabilities		**(351)**	(706)
Proceeds from loans and borrowings		**80,714**	41,364
Repayment of loans and borrowings		**(102,617)**	(85,413)
Balances with related parties (non-trade)		**2,388**	(881)
Net cash used in financing activities		**(28,863)**	(58,444)
Net (decrease)/increase in cash and cash equivalents		**(101,903)**	54,001
Cash and cash equivalents at beginning of the year		**141,334**	87,602
Effect of exchange rate changes on balances held in foreign currencies		**(284)**	(269)
Cash and cash equivalents at end of the year	17	**39,147**	141,334

Significant non-cash transactions

(a) During the financial year, the Group purchased property, plant and equipment, amounting to $16,050,000 (2017: $22,091,000), of which $98,000 (2017: $13,000) was acquired under finance lease arrangement.

(b) During the year, the Group reduced share capital of one of its subsidiaries by $3,577,000. The reduction of share capital was offset against the amount due from a non-controlling interest. The Group also offset the amount due from the non-controlling interest with the $3,259,000 dividends that the non-controlling interest is entitled to.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2019.

1 GENERAL INFORMATION

Tiong Seng Holdings Limited (the 'Company') is a company incorporated in Singapore. The address of the Company's registered office is 21 Fan Yoong Road, Singapore 629796.

Tiong Seng Shareholdings Pte. Ltd., incorporated in Singapore, is the immediate and ultimate holding company of the Company.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

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 (International) ('SFRS(I)'). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ('FRS'). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 37.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have 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 SFRS(I) 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.

There are no critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 15 – Measurement of realisable amounts of development properties
Note 23 – Revenue and costs recognition from construction contracts

Information about other judgements made and estimates applied are included in the following notes:

Note 4	–	Measurement of recoverable amounts of property, plant and equipment
Note 7	–	Measurement of recoverable amounts of investment in subsidiaries
Note 26	–	Estimation of provisions for current and deferred taxation
Note 34	–	Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group periodically reviews fair value measurements, including Level 3 fair values, where inputs are unobservable. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6	–	Investment properties
Note 34	–	Financial instruments

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill is tested annually for impairment.

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

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls 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.

Loss of control

When the Group loses control over a subsidiary, it derecognised the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associate and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associate and joint ventures are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interests in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

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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.

Subsidiaries, associates and joint ventures in the separate financial statements

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 currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated 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 translated 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 currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at fair value through other comprehensive income ("FVOCI") (2017: available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss));
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, 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 NCI. 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 NCI. 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 are recognised in OCI, 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, which includes capitalised borrowing costs, 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised 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.

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 as an expense 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, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Properties under construction and freehold land are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

• Leasehold lands	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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.4 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, 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 associates and joint ventures.

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.

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.

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	Over the respective life of the licences of 1 to 10 years
• Computer software	3 years

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Depreciation

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

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

• Freehold properties	50 years
• Leasehold properties	Shorter of 50 years or lease period ranging from 35 years 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.

3.6 Assets held for sale

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

3.7 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost and FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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Non-derivative financial assets – Policy applicable before 1 January 2018

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

Loans and receivables comprised cash and cash equivalents, trade and other receivables and amounts due from related parties.

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified in any other 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 were measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, were recognised in OCI and accumulated in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised equity investments.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, trade and other payables and amounts due to related parties.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. For the purpose of the statement of cash flows, pledged deposits and restricted cash 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.

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.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Financial guarantees

Financial guarantees are accounted for in the Group's financial statements as insurance contracts. A provision is recognised based on the Group'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.

3.8 Impairment

Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECL on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

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Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were 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 contract assets

The Group considered evidence of impairment for loans and receivables and contract assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was 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. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity security classified as available-for-sale were not reversed through profit or loss.

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Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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, then the asset's recoverable amount is 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 CGUs. 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs are amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred.

3.10 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 3.16) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in Note 3.8 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 3.16). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3.18).

3.11 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, capitalised 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 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.

Reclassification to investment property

When the use of a property changes from development property to investment property, the property is measured at cost less accumulated depreciation and accumulated impairment losses and reclassified accordingly.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3.12 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 and work in progress, 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 estimated costs necessary to make the sale.

3.13 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 related services are rendered by employees.

Short-term employee 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.

3.14 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.

3.15 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.

Other leases are operating leases not recognised in the Group's statement of financial position.

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.

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.

3.16 Revenue

Construction contract and construction related services

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using input method based on construction costs incurred to-date as compared to the estimated total construction costs.

The likelihood of the Group suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 3.14.

Sales of development properties

Revenue is recognised when control over the property has been transferred to the customer which is typically evidenced by fulfilment of the followings:

(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.

The properties have generally no alternative use for the Group due to contractual restrictions.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

The revenue is measured at the transaction price agreed under the contract. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

Rental income

Rental income from investment property is recognised as 'revenue' 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.

3.17 Government grants

An unconditional government grant to encourage city re-development is recognised in profit or loss as other income upon receipt.

Other government grants related to assets are recognised as a deduction in arriving at the carrying amount of the asset when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

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3.18 Finance income and finance costs

Finance income comprises interest income on funds 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 which 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, amortisation of borrowings related costs, accretion of implicit interest in retention sum payables and discount implicit in retention sum receivables.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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.

Foreign currency gains and losses on financial assets and financial liabilities 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.

3.19 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 OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provision, Contingent Liabilities and Contingent Assets.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflect the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. 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 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.

Deferred tax asset are recognised for unused tax losses, unused 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.20 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.

3.21 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 CEO (the chief operating decision maker) 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 Group's 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 tax assets and liabilities.

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

3.22 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 38.

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Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold lands $'000	Freehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Properties under construction $'000	Total $'000
Cost									
At 1 January 2017	13,992	3,818	49,674	79,397	59,315	7,264	4,931	10,228	228,619
Additions	–	–	–	4,666	1,454	420	794	14,757	22,091
Disposals	–	–	–	(388)	(80)	(270)	(711)	–	(1,449)
Transfer	–	–	25,060	–	–	–	–	(25,060)	–
Effects of movements in exchange rates	–	144	(5)	(100)	10	(72)	(112)	75	(60)
At 31 December 2017	13,992	3,962	74,729	83,575	60,699	7,342	4,902	–	249,201
Additions	**–**	**–**	**88**	**11,672**	**3,211**	**812**	**267**	**–**	**16,050**
Disposals	**–**	**–**	**–**	**(8,691)**	**(761)**	**(170)**	**(942)**	**–**	**(10,564)**
Reclassification to investment property	**–**	**–**	**(6,586)**	**–**	**–**	**–**	**–**	**–**	**(6,586)**
Effects of movements in exchange rates	**–**	**(3)**	**(16)**	**(20)**	**(3)**	**9**	**(37)**	**–**	**(70)**
At 31 December 2018	**13,992**	**3,959**	**68,215**	**86,536**	**63,146**	**7,993**	**4,190**	**–**	**248,031**
Accumulated depreciation									
At 1 January 2017	1,655	–	10,299	36,478	49,002	6,012	2,009	–	105,455
Depreciation for the year	516	–	1,854	9,788	2,571	620	484	–	15,833
Disposals	–	–	–	(377)	(57)	(199)	(548)	–	(1,181)
Effects of movements in exchange rates	–	–	(2)	(93)	8	(69)	(99)	–	(255)
At 31 December 2017	2,171	–	12,151	45,796	51,524	6,364	1,846	–	119,852
Depreciation for the year	516	–	2,774	9,442	4,360	538	478	–	18,108
Disposals	–	–	–	(6,596)	(725)	(161)	(847)	–	(8,329)
Reclassification to investment property	–	–	(2,565)	–	–	–	–	–	(2,565)
Effects of movements in exchange rates	–	–	(11)	(18)	(1)	8	(29)	–	(51)
At 31 December 2018	**2,687**	**–**	**12,349**	**48,624**	**55,158**	**6,749**	**1,448**	**–**	**127,015**
Carrying amounts									
At 1 January 2017	12,337	3,818	39,375	42,919	10,313	1,252	2,922	10,228	123,164
At 31 December 2017	11,821	3,962	62,578	37,779	9,175	978	3,056	–	129,349
At 31 December 2018	**11,305**	**3,959**	**55,866**	**37,912**	**7,988**	**1,244**	**2,742**	**–**	**121,016**

The depreciation for the year is analysed as follows:

	Group 2018 $'000	Group 2017 $'000
Depreciation for the year	**18,108**	15,833
Depreciation included in cost of construction contracts	**(10,983)**	(11,812)
Depreciation charged to profit or loss	**7,125**	4,021

Impairment test

The Group reviews the carrying amounts of property, plant and equipment as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. Determining the recoverable amount requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of the assets. This requires the Group to make estimates and assumptions that can materially affect the financial statements.

Assets held under finance lease

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

	Group 2018 $'000	Group 2017 $'000	Group 1 January 2017 $'000
Plant and machinery	**167**	234	1,065
Motor vehicles	**721**	935	1,549
Furniture, equipment and fittings	**7**	12	–
	895	1,181	2,614

Security

Certain property, plant and equipment are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in Note 22.

Transfer to investment property

During the year, one of the leasehold properties of the Group was transferred to investment property. The Group has relocated to its new premises and decided to lease the property to third parties.

5 INTANGIBLE ASSETS

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 January 2017	12,478	263	675	13,416
Additions	–	1	136	137
Effect of movements in exchange rates	–	–	(3)	(3)
At 31 December 2017	12,478	264	808	13,550
Additions	–	–	72	72
Effect of movements in exchange rates	–	–	(4)	(4)
At 31 December 2018	**12,478**	**264**	**876**	**13,618**

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	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Accumulated amortisation and impairment losses				
At 1 January 2017	11,612	234	335	12,181
Amortisation for the year	403	29	67	499
Impairment losses	463	–	–	463
Effect of movements in exchange rates	–	–	(1)	(1)
At 31 December 2017	12,478	263	401	13,142
Amortisation for the year	–	–	92	92
Effect of movements in exchange rates	–	–	(3)	(3)
At 31 December 2018	**12,478**	**263**	**490**	**13,231**
Carrying amounts				
At 1 January 2017	866	29	340	1,235
At 31 December 2017	–	1	407	408
At 31 December 2018	**–**	**1**	**386**	**387**

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

Impairment test

In 2017, the Group performed an impairment review to assess the recoverable amount of the cash-generated units ('CGU') (comprising manufacturing CGU and licensing CGU) of the patented technology. The recoverable amount of the CGUs was based on their value-in-use. Based on the impairment assessment, the patented technology was fully impaired.

The value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the patented technology. The calculation of the value-in-use was based on the following assumptions:

- The estimated revenue included in the cash flow projections for years 2017 to 2021 have been based on average growth rate of 0.5% per annum;
- Inflation rate of 2% was projected for the expected variable costs; and
- A pre-tax discount rate of 10.1% was applied in determining the recoverable amount.

The values assigned to the key assumptions represented management's assessment of future trends in the industry and were based on external and internal sources (historical data).

Management has determined that there has been no significant change in the performance of CGUs since the last financial year end and no reversal of impairment loss is required in current financial year.

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6 INVESTMENT PROPERTIES

	Group $'000
Cost	
At 1 January 2017	21,411
Disposals	(713)
Effect of movements in exchange rates	(312)
At 31 December 2017	20,386
Reclassification from property, plant and equipment (Note 4)	4,021
Reclassification to assets held for sale (Note 18)	(345)
Effect of movements in exchange rates	(625)
At 31 December 2018	**23,437**
Accumulated depreciation and impairment losses	
At 1 January 2017	6,484
Depreciation for the year	583
Disposals	(179)
Effect of movements in exchange rates	(86)
At 31 December 2017	6,802
Depreciation for the year	702
Reclassification to assets held for sale (Note 18)	(130)
Effect of movements in exchange rates	(210)
At 31 December 2018	**7,164**
Carrying amounts	
At 1 January 2017	14,927
At 31 December 2017	13,584
At 31 December 2018	**16,273**

The details of the Group's investment properties as at 31 December 2018 were:

Location	Description	Existing use	Tenure of land	Remaining term of lease
Wenchang Broadway, Wenhe South Road, Yangzhou City, PRC	3-storey plus 1-basement level of retail space and commercial building	Commercial	Leasehold	23 years (expires on 14 October 2041)
Section 3, Lots 54, 55, Lae City, Morobe district, PNG	2-storey townhouse	Commercial	Leasehold	30 years (expires on 30 June 2048)
510 Thomson Road, #08-00 SLF Building Singapore 298135	1 office unit	Office	Leasehold	60 years (expires on 23 October 2060)

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

The fair value of the investment properties as at 31 December 2018 was $47,318,000 (2017: $41,145,000; 1 January 2017: $42,587,000).

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Year ended 31 December 2018

Determination of fair value

The fair values of investment properties located in Singapore, People's Republic of China ('PRC') and Papua New Guinea ('PNG') are based on market comparison approach, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. Fair values are determined by management having regard to recent market transactions for similar properties in the same locations.

The fair value measurement for investment properties not carried at fair value but for which fair values are disclosed has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

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		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Within one year	**35**	67	89

Securities

Certain investment properties of the Group are mortgaged to banks to secure credit facilities as disclosed in Note 22.

7 SUBSIDIARIES

	Company		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Unquoted shares in subsidiaries, at cost	**59,624**	59,624	59,624

Impairment of investment in subsidiaries

The Company assesses at each report date whether there is any objective evidence that the investment in a subsidiary is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the industry performance, technology changes, operational and financing cash flow. Management also considers the financial conditions and business prospects of the investment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary.

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Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2018 %	2017 %	1 January 2017 %
(i) Direct subsidiary					
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors") [1]	Construction works	Singapore	**100**	100	100
(ii) Indirect subsidiaries					
Robin Village Development Pte. Ltd.[1]	Pre-casting	Singapore	**100**	100	100
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang") [2]	Property development	PRC	**69**	69	64
Suzhou Changhe Investment and Development Co., Ltd. ("Changhe") [3]	Property development	PRC	**100**	100	100
Cangzhou Huashi Property Development Co., Ltd. ("Cangzhou Huashi") [2]	Property development	PRC	**41#**	41#	41#

1 Audited by KPMG LLP, Singapore
2 Audited by Tianjin Ruihua Certified Public Accountants Co., Ltd., PRC
3 Audited by Suzhou Rui Ya Certified Public Accountants Co., Ltd., PRC

This Company is considered subsidiary of the Group as the Group is exposed to variable returns from the company and has the ability to affect those returns through the managements' control over the financial and operating policies of the company.

8 ASSOCIATES AND JOINT VENTURES

	Group 2018 $'000	2017 $'000	1 January 2017 $'000
Interest in associates	**914**	*	*
Interests in joint ventures	**13,431**	11,358	8,335
	14,345	11,358	8,335
Loans to joint ventures	**28,234**	22,804	22,200
	42,579	34,162	30,535

* *Less than $1,000*

The loans to joint ventures are unsecured and bears interest from 1.85% and 3.00% (2017: 1.79% to 2.40%; 1 January 2017: 1.56% to 3.15%) per annum. These loans are not expected to be repaid within the next twelve months from 31 December 2018.

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Associate

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Ownership interest 1 January 2017 %
Fierce (Suzhou) Co., Ltd.	Advertising and related business	PRC	**40**	40	40
Sino Singapore (Tianjin) Prefabrication, Co. Limited	Prefabrication	PRC	**20**	–	–

The associates are not considered significant in accordance with Rule 718 of the Singapore Exchange Limited Listing Manual. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited 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.

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

	2018 $'000	2017 $'000	1 January 2017 $'000
Assets and liabilities			
Total assets	**3,099**	114	118
Total liabilities	**(2,447)**	(373)	(376)
Results			
Revenue	**–**	–	–
Expenses	**(1)**	(1)	–
Loss after taxation	**(1)**	(1)	–

The Group has not recognised its share of the current year loss and the cumulative losses relating to one of its associates amounting to $1,000 (2017: $1,000; 1 January 2017: $Nil) and $105,000 (2017: $104,000; 1 January 2017: $103,000) respectively, because the Group has no obligation in respect of these losses. The other associate has not commenced any operations yet.

As at 31 December 2018, the Group did not have any capital commitments and contingent liabilities relating to its associates (2017: Nil; 1 January 2017: Nil).

Joint ventures

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Country of incorporation/ operation	Ownership interest 2018 %	2017 %	1 January 2017 %
Incorporated joint ventures					
Cesma-Hua Kok-Tiong Seng-Neo Construction (India) Private Limited[1]	Construction works	India	**25**	25	25
Feature (Balmoral) Pte. Ltd.[3]	Property development	Singapore	**30**	30	30
Geostr-RV Pte. Ltd.[3]	Construction works	Singapore	**44**	44	44
High Tech Precast Co., Ltd.[5]	Construction works	Myanmar	**30**	30	30
TSky Development Pte. Ltd.[3]	Property development	Singapore	**60***	60*	–
TSky Balmoral Pte Ltd[3]	Property development	Singapore	**42**	42	–
TSky Cairnhill Pte. Ltd[3]	Property development	Singapore	**31**	–	–
Unincorporated joint ventures					
Samsung-Tiong Seng Joint Venture (partnership) [4]	Building construction	Singapore	**30**	30	30
Kajima-Tiong Seng Joint Venture (partnership) [2]	Building construction	Singapore	**40**	40	40
Kajima-Tiong Seng Joint Venture (partnership) [2]	Construction works	Singapore	**30**	30	30
Kajima-Tiong Seng Joint Venture (partnership) [2]	Building construction	Singapore	**20**	20	20
GS E&C – TSC JV (partnership) [3]	Construction works	Singapore	**30**	30	30
Tiong Seng-Dongah Joint Venture (partnership) [3]	Construction works	Singapore	**66***	66*	66*

1 Audited by Ramasamy Koteswara Rao & Co

2 Audited by Smalley and Co.

3 Audited by KPMG LLP, Singapore

4 Audited by RSM Chio Lim Stone Forest

5 Audited by Khin Su Htay & Associates Limited

* Although the Group holds more than 50% ownership interest in these companies, pursuant to contractual agreements between the Group and its joint venture partners in these companies, joint control is exercised by both parties over the key activities of these companies. Accordingly, TSky Development Pte. Ltd. and Tiong Seng-Dongah Joint Venture (partnership) are classified as joint ventures of the Group.

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Year ended 31 December 2018

All joint ventures are unlisted joint arrangements in which the Group has joint control via investors' agreements, and are the Group's strategic partners, principally engaged in building construction and property development.

Joint ventures are structured as separate vehicle and the Group has residual interests in its net assets. Accordingly, the Group has classified its interests as joint ventures, which is equity accounted.

The following summarises the financial information of each of the Group's material joint ventures based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interests in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Samsung-Tiong Seng Joint Venture (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2018						
Revenue	6,950	–	–	50,489		
Profit/(loss) after tax/ Total comprehensive income[a]	(390)	–	–	3,176		
Non-current assets	–	–	–	5,037		
Current assets[b]	24,670	8,701	7,343	11,721		
Non-current liabilities[c]	(17,511)	–	–	(3,771)		
Current liabilities[d]	(1,353)	(25,479)	(35,143)	(2,364)		
Net assets/(liabilities)	5,806	(16,778)	(27,800)	10,623		
Group's interest in net assets/ (liabilities) of investee at beginning of the year	1,859	(5,033)	(12,510)	4,915	2,428	(8,341)
Share of total comprehensive income	(117)	–	–	2,096	(1,770)	209
Offsetting losses against amount due from joint ventures	–	3,321	6,059	–	–	9,380
Reclassification of losses to amount due to joint ventures	–	1,712	6,451	–	4,020	12,183
Carrying amount of interest in investee at end of the year	1,742	–	–	7,011	4,678	13,431

	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Samsung-Tiong Seng Joint Venture (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2017						
Revenue	104,845	–	–	88,578		
Profit/(loss) after tax/ Total comprehensive income[a]	3,687	(2,147)	(6,484)	3,384		
Non-current assets	2,218	–	–	4,888		
Current assets[b]	54,167	8,701	7,343	12,478		
Non-current liabilities[c]	(42,601)	–	–	(4,606)		
Current liabilities[d]	(7,587)	(25,479)	(35,143)	(5,312)		
Net assets/(liabilities)	6,197	(16,778)	(27,800)	7,448		
Group's interest in net assets/ (liabilities) of investee at beginning of the year	753	(4,389)	(9,592)	2,682	2,250	(8,296)
Share of total comprehensive income	1,106	(644)	(2,918)	2,233	314	91
Distribution during the year	–	–	–	–	(136)	(136)
Offsetting losses against amount due from joint ventures	–	3,321	6,059	–	–	9,380
Reclassification of losses to amount due to joint ventures	–	1,712	6,451	–	2,156	10,319
Carrying amount of interest in investee at end of the year	1,859	–	–	4,915	4,584	11,358
1 January 2017						
Non-current assets	–	–	–	2,507		
Current assets[b]	155,802	14,579	18,492	16,314		
Non-current liabilities[c]	(83,498)	–	–	(2,507)		
Current liabilities[d]	(69,794)	(29,210)	(39,808)	(12,250)		
Net assets/(liabilities)	2,510	(14,631)	(21,316)	4,064		
Group's interest in net assets/ (liabilities) of investee at beginning of the year	18	(846)	(12,592)	1,436	9,993	(1,991)
Share of total comprehensive income	735	(3,543)	3,000	1,246	(572)	866
Distribution during the year	–	–	–	–	(7,497)	(7,497)
Group's contribution during the year	–	–	–	–	326	326
Offsetting losses against amount due from joint ventures	–	3,321	6,017	–	–	9,338
Reclassification of losses to amount due to joint ventures	–	1,068	3,575	–	2,650	7,293
Carrying amount of interest in investee at end of the year	753	–	–	2,682	4,900	8,335

(a) includes:
- depreciation and amortisation of $Nil (2017: $Nil).
- interest expense of $760,000 (2017: $Nil).
- tax expense of $605,000 (2017: $759,000).

(b) includes cash and cash equivalents of $6,456,000 (2017: $12,840,000; 1 January 2017: $15,328,000).

(c) includes non-current financial liabilities (excluding trade and other payables and provisions) of $21,282,000 (2017: $47,207,000; 1 January 2017: $81,615,000).

(d) includes current financial liabilities (excluding trade and other payables and provisions) of $19,356,000 (2017: $6,138,000; 1 January 2017: $68,402,000).

The Group's share of commitment has been included in Note 29(a).

Details of significant judgement relating to revenue and cost recognition of construction contract undertaken by these joint ventures are set out in Note 23.

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FINANCIAL STATEMENTS

Year ended 31 December 2018

9 TRADE AND OTHER RECEIVABLES

	Note	Group 2018 $'000	Group 2017 $'000	Group 1 January 2017 $'000	Company 2018 $'000	Company 2017 $'000	Company 1 January 2017 $'000
Non-current							
Retention monies on construction contracts		**11,741**	13,929	30,719	**–**	–	–
Current							
Trade receivables		**23,099**	21,108	24,479	**–**	–	–
Less: Allowance for impairment loss on trade receivables	34(b)	**(553)**	(512)	(536)	**–**	–	–
		22,546	20,596	23,943	**–**	–	–
Advances to suppliers, trade		**125**	125	1,563	**–**	–	–
Retention monies on construction contracts		**41,612**	53,256	68,133	**–**	–	–
Deposits and prepayments		**3,963**	12,161	5,906	**7**	7	3
Tax prepayments		**5,443**	4,639	5,576	**–**	–	–
Other receivables		**5,755**	4,327	6,857	**–**	–	–
		79,444	95,104	111,978	**7**	7	3
Total		**91,185**	109,033	142,697	**7**	7	3

10 OTHER INVESTMENTS

	Group 2018 $'000	Group 2017 $'000	Group 1 January 2017 $'000
Other financial asset – at FVOCI			
Club membership	**724**	–	–
Other financial asset – available-for-sale			
Club membership	**–**	724	525
Equity investments – at FVOCI			
Quoted equity investments	**13**	–	–
Unquoted equity investments	**534**	–	–
Equity instruments – available-for-sale			
Quoted equity investments, at fair value	**–**	27	18
Unquoted equity investments, at cost	**–**	3,483	3,551
Impairment losses	**–**	(2,949)	(2,949)
	–	534	602
	–	561	620
	1,271	1,285	1,145

Equity investments designated as at FVOCI

At 1 January 2018, the Group designated equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes. In 2017, equity investments were classified as available-for-sale.

No strategic investments were disposed of during 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

11 DEFERRED TAX ASSETS/(LIABILITIES)

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

	At 1 January 2017 $'000	Recognised in profit or loss (Note 26) $'000	At 31 December 2017 $'000	Recognised in profit or loss (Note 26) $'000	At 31 December 2018 $'000
Group					
Deferred tax assets					
Investment properties	206	–	206	–	**206**
Trade and other payables	872	1,194	2,066	(15)	**2,051**
Estimated benefit on loss carry forward	–	–	–	111	**111**
	1,078	1,194	2,272	96	**2,368**
Deferred tax liabilities					
Property, plant and equipment	(6,513)	835	(5,678)	400	**(5,278)**
Trade and other payables	(171)	–	(171)	3	**(168)**
	(6,684)	835	(5,849)	403	**(5,446)**

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		
	2018 $'000	2017 $'000	1 January 2017 $'000
Deferred tax assets	**431**	202	204
Deferred tax liabilities	**(3,509)**	(3,779)	(5,810)

Unrecognised deferred tax assets

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

	Group		
	2018 $'000	2017 $'000	1 January 2017 $'000
Deductible temporary differences	**22,134**	22,341	24,484
Tax losses	**47,828**	53,323	48,867
	69,962	75,664	73,351

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 $43,800,000 (2017: $47,131,000; 1 January 2017: $46,938,000) which expire in 5 to 7 years from the tax losses arise, the remaining amounts do not expire under their respective current tax legislation. Deferred tax assets have not been recognised in respect of these items because it may not be probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $24,058,000 (2017: $22,515,000; 1 January 2017: $22,558,000) of certain overseas subsidiaries for the year ended 31 December 2018 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.

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Year ended 31 December 2018

12 INVENTORIES

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Raw materials and consumables	**1,045**	1,074	1,467

In 2018, raw materials recognised as cost of construction contract amounted to $28,770 (2017: $393,663).

13 CONTRACT COSTS

Contract costs relates to commission fees paid to property agents for securing sale contracts which were capitalised during the year. The capitalised costs are amortised when the related revenue is recognised. During the year, $1,263,000 (2017: $886,000) was amortised to profit or loss. There was no impairment loss in relation to the costs capitalised.

14 CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table provides information about contract assets and contract liabilities from contracts with customers.

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Contract assets	**73,969**	77,641	60,001
Contract liabilities	**(35,383)**	(105,939)	(137,709)

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date in respect of its construction business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the customer certifies the progress claims.

The contract liabilities primarily relate to:

- advanced consideration received from customers from sale of development properties; and
- progress billings issued in excess of the Group's rights to the consideration in respect of its construction business.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	–	**73,247**	76,347
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(2,691)**	(44,577)
Contract assets reclassified to trade receivables	**(55,635)**	(34,282)	**–**	–
Changes in measurement of progress	**35,808**	49,881	**–**	–
Cumulative catch-up as a result of contract modifications	**16,155**	2,041	**–**	–

15 DEVELOPMENT PROPERTIES

	Group		
	2018 $'000	**2017 $'000**	**1 January 2017 $'000**
(a) Properties under development, for which revenue is to be recognised at a point in time			
Land and land related costs	**81,554**	91,535	157,882
Development costs	**58,806**	75,615	144,974
	140,360	167,150	302,856
Allowance for diminution in value	**(4,392)**	(4,769)	(9,120)
Properties under development	**135,968**	162,381	293,736
(b) Completed development properties, at cost	**107,875**	126,664	50,726
Allowance for diminution in value	**(9,553)**	(10,369)	(8,413)
Completed development properties	**98,322**	116,295	42,313
Total development properties	**234,290**	278,676	336,049

(i) Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group	
	2018 $'000	**2017 $'000**
At 1 January	**15,138**	17,533
Utilisation during the year	**(723)**	(2,142)
Translation differences on consolidation	**(470)**	(253)
At 31 December	**13,945**	15,138

The Group's properties under development and completed development properties 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 a decrease in net sales value, the net realisable value will decrease. Changes in the estimates of the costs to completion and the estimated selling price would also have an effect on the determination of diminution in value for each project. Such allowance requires the use of judgement and estimates.

Where the expectation is different from the original estimate, the carrying value and allowance for diminution in value 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 allowance would affect profit or loss in future years.

(ii) During the year, completed development properties of $52,526,000 (2017: $80,203,000) were recognised as an expense and included in "Cost of sales of development properties".

(iii) During the year, borrowing costs amounting to $Nil (2017: $284,000) were capitalised as cost of development properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

The details of the Group's development properties as at 31 December 2018 were:

Location	Description	Intended use	Stage of completion	Expected date of completion	Land area	Gross floor area	Group's effective interest
The Equinox, Dagang, Guangang Forest Park, Tianjin, PRc	Residential development	Residential	Phases development with expected full completion around 2021		325,000 sqm	Residential: 162,000 sqm	69%
Tranquility Residences, Xushuguan Development Zone. Suzhou, PRC	Residential development	Residential	Completed	Completed	85,509 sqm	Residential: 87,220 sqm	100%
Sunny International, Cangzhou, PRC	Residential and commercial development	Residential development	Completed	Completed	51,000 sqm	Residential: 131,000 sqm	41%
						Commercial: 18,000 sqm	
Zizhulin, Tianjin, PRC	Commercial land	Commercial	Planning stage	Planning stage	8,000 sqm	Commercial: 12,000 sqm	80%

16 AMOUNTS DUE FROM/(TO) RELATED PARTIES

Amounts due from related parties

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Non-current						
Trade amount due from:						
– joint ventures	**3,500**	2,715	1,653	**–**	–	–
Current						
Trade amounts due from:						
– joint ventures	**467**	467	467	**–**	–	–
– affiliated corporation	**2,546**	4,396	224	**–**	–	–
	3,013	4,863	691	**–**	–	–
Non-trade amounts due from:						
– affiliated corporations	**80**	82	83	**–**	–	–
– joint ventures	**2,525**	638	198	**–**	–	–
– non-controlling interests	**17,697**	18,232	17,837	**–**	–	–
– subsidiaries	**–**	–	–	**104,436**	104,436	129,981
	20,302	18,952	18,118	**104,436**	104,436	129,981
Loans to non-controlling interests	**14,905**	24,701	30,556	**–**	–	–
	38,220	48,516	49,365	**104,436**	104,436	129,981
Total amounts due from related parties	**41,720**	51,231	51,018	**104,436**	104,436	129,981

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 affiliated corporations, joint ventures and subsidiaries are unsecured, interest-free and repayable on demand.

The non-trade amount due from non-controlling interests is unsecured, interest-free and repayable on demand except for the amount of $11,723,000 (2017: $12,112,000; 1 January 2017: $12,280,000) which is secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests.

The loans to non-controlling interests comprise:

(i) an amount of $14,500,000 (2017: $15,071,000; 1 January 2017: $20,980,000) which bears interest at 12% (2017: 12%; 1 January 2017: 12%) per annum and is secured by the non-controlling interests' shares in a subsidiary, Guangang. The amount is repayable on demand;

(ii) an amount of $338,000 (2017: $350,000; 1 January 2017: $417,000) which is secured, interest-free and repayable on demand; and

(iii) an amount of $67,000 (2017: $9,280,000; 1 January 2017: $9,159,000) which is unsecured, interest-free and repayable on demand.

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Amounts due to related parties

	Group			Company		
	2018 $'000	**2017 $'000**	**1 January 2017 $'000**	**2018 $'000**	**2017 $'000**	**1 January 2017 $'000**
Current						
Trade amounts due to:						
– corporate shareholder	**(45)**	–	(390)	**–**	–	–
– affiliated corporation	**(4,103)**	(3,552)	(9,354)	**–**	–	–
– joint ventures	**(484)**	–	–	**–**	–	–
	(4,632)	(3,552)	(9,744)	**–**	–	–
Non-trade amounts due to:						
– subsidiary	**–**	–	–	**(58,056)**	(59,119)	(4,608)
– joint ventures	**(10,486)**	(8,299)	(5,302)	**–**	–	–
	(10,486)	(8,299)	(5,302)	**(58,056)**	(59,119)	(4,608)
Loans from non-controlling interests	**(7,558)**	(11,934)	(13,754)	**–**	–	–
Total amounts due to related parties	**(22,676)**	(23,785)	(28,800)	**(58,056)**	(59,119)	(4,608)

The non-trade amounts due to subsidiary, joint ventures and loans from non-controlling interests are unsecured, interest-free and repayable on demand.

17 CASH AND CASH EQUIVALENTS

	Group			Company		
	2018 $'000	**2017 $'000**	**1 January 2017 $'000**	**2018 $'000**	**2017 $'000**	**1 January 2017 $'000**
Cash at banks and in hand	**39,015**	142,771	91,218	**82**	77,078	2,930
Fixed deposits	**960**	944	1,030	**–**	–	–
	39,975	143,715	92,248	**82**	77,078	2,930
Deposits pledged	**(603)**	(580)	(636)			
Restricted cash	**(225)**	(1,801)	(4,010)			
Cash and cash equivalents in the statement of cash flows	**39,147**	141,334	87,602			

Restricted cash primarily consists of cash held in a designated account due to regulatory requirement in PRC development project rules, where the funds will be released upon completion of each phase of development.

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 was 0.30% (2017: 0.40%; 1 January 2017: 0.48%) per annum.

The deposits are pledged as security to obtain bank loans as disclosed in Note 22.

18 ASSETS HELD FOR SALE

During the year, the Group entered into an enbloc sales arrangement to dispose one of its investment properties (Note 6). The investment property which is expected to be sold within twelve months after the reporting date, has been classified as assets held for sale and is presented separately in the Group's statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the investment property and, accordingly, no impairment loss has been recognised on the classification of the investment property as assets held for sale.

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19 SHARE CAPITAL

	2018 No of shares	2018 $'000	2017 No of shares	2017 $'000
Issued and fully paid ordinary shares, with no par value				
At 1 January	**448,381,449**	**178,914**	454,014,149	180,637
Treasury shares	**(3,596,100)**	**(1,419)**	(5,632,700)	(1,723)
At 31 December	**444,785,349**	**177,495**	448,381,449	178,914

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

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2018 was in profit of 3.3% (2017: profit of 12.4%). The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

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

Dividends

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

	Group and Company 2018 $'000	Group and Company 2017 $'000
Paid by the Company to owners of the Company		
1.5 cent (2017: 0.8 cent share) per qualifying ordinary share	**6,675**	3,630

	Group 2018 $'000	Group 2017 $'000
Paid by a subsidiary to non-controlling interest		
0.2 cent (2017: 2.0 cent) per qualifying ordinary share	**3,259**	58

During the year, the Group offset the amount due from the non-controlling interest with the $3,259,000 dividends that the non-controlling interest is entitled to. In 2017, the dividend of $58,000 was paid by cash.

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

	Group and Company 2018 $'000	Group and Company 2017 $'000
0.5 cent (2017: 1.5 cent share) per qualifying ordinary share	**2,224**	6,675

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Year ended 31 December 2018

20 RESERVES

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Merger reserve	**(77,720)**	(77,720)	(77,720)	**(45,850)**	(45,850)	(45,850)
Capital reserve	**(27)**	(2)	1,888	**–**	–	–
Statutory reserve	**3,564**	3,564	3,564	**–**	–	–
Foreign currency translation reserve	**(2,574)**	3,009	6,320	**–**	–	–
	(76,757)	(71,149)	(65,948)	**(45,850)**	(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 paragraph 13 of SFRS(I) 27 *Separate Financial Statements*, and the paid up capital of the Company issued for the acquisition.

Capital reserve

The Group's capital reserve arises mainly from acquisition additional of interest in subsidiaries.

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資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資企业会计制度[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.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign corporations; and

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

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Year ended 31 December 2018

21 TRADE AND OTHER PAYABLES

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Non-current						
Retention sums payable	**7,588**	23,296	24,348	**–**	–	–
Current						
Trade payables	**31,897**	20,282	49,554	**–**	–	–
Accrued trade payables	**86,774**	138,151	65,886	**–**	–	–
Accrued operating expenses and other payables	**16,741**	24,096	25,858	**219**	3,592	3,197
Retention sums payable	**34,481**	33,598	24,102	**–**	–	–
	169,893	216,127	165,400	**219**	3,592	3,197
Total	**177,481**	239,423	189,748	**219**	3,592	3,197

22 LOANS AND BORROWINGS

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Non-current						
Secured bank loans	**13,371**	16,994	17,901	**–**	–	–
Medium term notes	**–**	–	72,568	**–**	–	72,568
Finance lease liabilities	**214**	190	462	**–**	–	–
	13,585	17,184	90,931	**–**	–	72,568
Current						
Secured bank loans	**96,126**	41,410	84,552	**–**	–	–
Medium term notes	**–**	72,996	–	**–**	72,996	–
Finance lease liabilities	**199**	476	897	**–**	–	–
	96,325	114,882	85,449	**–**	72,996	–
Total loans and borrowings	**109,910**	132,066	176,380	**–**	72,996	72,568

Maturities of liabilities (excluding finance lease liabilities)

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Within one year	**96,126**	114,406	84,552	**–**	72,996	–
Between one and five years	**10,534**	9,867	87,016	**–**	–	72,568
More than five years	**2,837**	7,127	3,453	**–**	–	–
	109,497	131,400	175,021	**–**	72,996	72,568

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Security

The secured bank loans are secured on the following assets:

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Carrying amounts of assets:			
Leasehold lands	**11,305**	11,821	12,337
Freehold land	**3,959**	3,962	3,818
Leasehold properties	**52,681**	37,624	39,301
Investment properties	**4,296**	438	470
Plant and machinery	**167**	5,006	11,276
Motor vehicles	**661**	866	1,458
Deposits pledged	**603**	580	636
Total	**73,672**	60,297	69,296

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

Secured loan from a bank

Included in the secured bank loans was a loan amounting to $Nil (2017: $Nil ; 1 January 2017: $19,845,000) secured by the followings:

(a) the Group's share in Chang De Investment Private Limited, Tiong Seng Properties (Private) Limited, Tianjin Zizhulin Development Co., Ltd., Tianjin Zizhulin Guangang Property Development Co., Ltd., and Suzhou Changhe Investment and Development Co., Ltd. ("existing development properties project");

(b) the subordination of the Group's share of existing and future shareholder's loans relating to the Group existing development properties projects;

(c) the assignment of the Group's share of existing and future shareholder's loans relating to the Group existing development properties; and

(d) the Group's shares in certain other investment.

Medium term notes

On 10 July 2013, the Company established a $250,000,000 Multi-currency Medium Term Note Programme ("MTN Programme"). Under this MTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed, floating, variable or hybrid interest rate notes or zero coupon notes in series or tranches in any currency agreed between the Company and the relevant dealers of the MTN Programme.

On 3 July 2014, the Company issued medium term notes ("MTN") amounting to $75,000,000 with fixed interest rate of 4.75% per annum and maturity date on 3 January 2018.

$2,000,000 of the MTN was purchased by the Company in 2016 and all the MTN was fully redeemed on 3 January 2018.

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Year ended 31 December 2018

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 2018				
Secured bank loans	**SGD**	**1.50 – 3.76**	**2019 – 2033**	**109,497**
Finance lease liabilities	**SGD**	**1.48 – 3.50**	**2019 – 2023**	**413**
Total loans and borrowings				**109,910**
At 31 December 2017				
Medium term notes	SGD	4.75	2018	72,996
Secured bank loans	SGD	1.50 – 3.60	2018 – 2033	58,404
Finance lease liabilities	SGD	1.05 – 3.50	2018 – 2022	666
Total loans and borrowings				132,066
At 1 January 2017				
Medium term notes	SGD	4.75	2018	72,568
Secured bank loans	SGD	1.50 – 3.92	2017 – 2033	102,453
Finance lease liabilities	SGD	1.05 – 2.80	2017 – 2021	1,359
Total loans and borrowings				176,380
Company				
At 31 December 2017				
Medium term notes	SGD	4.75	2018	72,996
At 1 January 2017				
Medium term notes	SGD	4.75	2018	72,568

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2018			
Within one year	**199**	**19**	**218**
Between one and five years	**214**	**3**	**217**
	413	**22**	**435**
At 31 December 2017			
Within one year	476	29	505
Between one and five years	190	2	192
	666	31	697
At 1 January 2017			
Within one year	897	35	932
Between one and five years	462	31	493
	1,359	66	1,425

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Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

	Liabilities				Equity					
	Amounts due to related parties $'000	Secured bank loans $'000	Medium term notes $'000	Finance lease liabilities $'000	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Group										
Balance at 1 January 2017	28,800	102,453	72,568	1,359	181,947	(1,310)	(65,948)	135,195	56,944	512,008
Changes from financing cash flows										
Balances with related parties (non-trade)	(881)	–	–	–	–	–	–	–	–	(881)
Dividends paid to:										
– owners of the Company	–	–	–	–	–	–	–	(3,630)	–	(3,630)
– non-controlling interests	–	–	–	–	–	–	–	–	(58)	(58)
Interest paid	–	(1,547)	(3,563)	(33)	–	–	–	–	–	(5,143)
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	–	–	–	(4,457)	(4,457)
Purchase of treasury shares	–	–	–	–	–	(1,723)	–	–	–	(1,723)
Payments of finance lease liabilities	–	–	–	(706)	–	–	–	–	–	(706)
Proceeds from loans and borrowings	–	41,364	–	–	–	–	–	–	–	41,364
Repayment of loans and borrowings	–	(85,413)	–	–	–	–	–	–	–	(85,413)
Total changes from financing cash flows	(881)	(45,596)	(3,563)	(739)	–	(1,723)	–	(3,630)	(4,515)	(60,647)
The effect of changes in foreign exchange rates	–	–	–	–	–	–	(3,311)	–	(2,107)	(5,418)
Other changes										
Liability-related										
New finance lease	–	–	–	13	–	–	–	–	–	13
Capitalised borrowing costs	–	284	–	–	–	–	–	–	–	284
Interest expense	–	1,263	3,563	33	–	–	–	–	–	4,859
Amortisation of transaction costs on medium term notes	–	–	428	–	–	–	–	–	–	428
Others	(4,134)	–	–	–	–	–	–	–	(3,526)	(7,660)
Total liability-related other changes	(4,134)	1,547	3,991	46	–	–	–	–	(3,526)	(2,076)
Total equity-related other changes	–	–	–	–	–	–	(1,890)	34,023	186	32,319
Balance at 31 December 2017	23,785	58,404	72,996	666	181,947	(3,033)	(71,149)	165,588	46,982	476,186

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	Liabilities				Equity					
	Amounts due to related parties $'000	Secured bank loans $'000	Medium term notes $'000	Finance lease liabilities $'000	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Group										
Balance at 1 January 2018	23,785	58,404	72,996	666	181,947	(3,033)	(71,149)	165,588	46,982	476,186
Changes from financing cash flows										
Balances with related parties (non-trade)	2,388	–	–	–	–	–	–	–	–	2,388
Dividends paid to:										
– owners of the Company	–	–	–	–	–	–	–	(6,675)	–	(6,675)
Interest paid	–	(2,402)	(17)	(22)	–	–	–	–	–	(2,441)
Purchase of treasury shares	–	–	–	–	–	(1,419)	–	–	–	(1,419)
Payments of finance lease liabilities	–	–	–	(351)	–	–	–	–	–	(351)
Proceeds from loans and borrowings	–	80,714	–	–	–	–	–	–	–	80,714
Repayment of loans and borrowings	–	(29,621)	(72,996)	–	–	–	–	–	–	(102,617)
Total changes from financing cash flows	2,388	48,691	(73,013)	(373)	–	(1,419)	–	(6,675)	–	(30,401)
The effect of changes in foreign exchange rates	–	–	–	–	–	–	(5,583)	–	(1,483)	(7,066)
Other changes										
Liability-related										
New finance lease	–	–	–	98	–	–	–	–	–	98
Interest expense	–	2,402	17	22	–	–	–	–	–	2,441
Others	(3,497)	–	–	–	–	–	–	–	–	(3,497)
Total liability-related other changes	(3,497)	2,402	17	120	–	–	–	–	–	(958)
Total equity-related other changes	–	–	–	–	–	–	(25)	8,771	(7,198)	1,548
Balance at 31 December 2018	22,676	109,497	–	413	181,947	(4,452)	(76,757)	167,684	38,301	439,309

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23 REVENUE

	Group 2018 $'000	Group 2017 $'000
Revenue from construction contracts	**313,483**	705,335
Revenue from sales of development properties	**64,069**	95,503
Rental income	**1,548**	1,933
	379,100	802,771

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Construction contracts

Nature of services	Construction
When revenue is recognised	Revenue is recognised progressively over time using input method based on construction costs incurred to-date as compared to the estimated total construction costs.
Significant payment terms	Progress billings are issued monthly based on the amount of work certified for the month. The progress billing are payable between 21 to 35 days from invoice date.

Sales of development properties

Nature of services	Development properties
When revenue is recognised	Revenue is recognised when control over the property is transferred to the customer.
Significant payment terms	Customers are required to make payment upon signing of sale and purchase agreement.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	As at 31 December 2018 $'000
Construction contracts	**469,256**
Sale of development properties	**31,176**
	500,432

The Group expects the above amounts to be recognised as revenue over the next one to three years. Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Revenue and costs recognition from construction contracts

The Group recognises revenue from construction contracts progressively over time. 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.

Given the contractual nature of the business, variation orders, additional works and prolongation costs are expected on a continual basis. As some of these items could be subjective and hence contentious in nature, the Group may from time to time be involved in arbitration or legal processes. As any such processes could be lengthy and outcome inherently uncertain where estimates, assumptions and significant judgement involved, the carrying amount of the contract assets and retention sum receivables at the reporting date may invariably be affected by these outcome.

24 PROFIT BEFORE TAX

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

	Group	
	2018	**2017**
	$'000	**$'000**
(a) Other income		
Fees from project and property management	**789**	933
Gain on disposal of:		
– investment properties	**–**	1,357
– property, plant and equipment	**405**	251
– scrap parts and materials	**678**	686
Gain from sales of parking lots	**313**	361
Government grants	**635**	312
Training and testing fee income	**313**	96
Consultancy services fees	**514**	326
Others	**1,109**	1,899
	4,756	6,221

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	Note	Group 2018 $'000	Group 2017 $'000
(b) Other expenses include			
Direct operating expenses arising from rental of investment properties		**144**	145
Impairment loss on intangible assets	5	**–**	463
Property, plant and equipment written off		**8**	–
Operating lease expenses		**2,410**	1,802
(c) Staff costs			
Wages and salaries for staff		**68,551**	84,408
Contribution to defined contribution plans		**3,282**	3,463
(Decrease)/Increase in liability for short-term accumulating compensated absence		**(113)**	30
Others		**1,129**	1,632
Staff costs for the year		**72,849**	89,533

The staff costs charged to profit or loss are arrived at as follows:

	Group 2018 $'000	Group 2017 $'000
Staff costs for the year	**72,849**	89,533
Staff costs included in cost of construction contracts	**(51,992)**	(69,346)
Staff costs charged to profit or loss	**20,857**	20,187

25 FINANCE INCOME AND COSTS

	Group 2018 $'000	Group 2017 $'000
Recognised in profit or loss		
Accretion of discount implicit in retention sum receivables	**146**	577
Implicit interest in retention sum payables	**1,074**	547
Interest income on:		
– cash and cash equivalents	**113**	413
– other investment	**12**	174
– loan to a joint venture	**228**	471
Finance income	**1,573**	2,182

	Group 2018 $'000	Group 2017 $'000
Interest expense on:		
– bank loans	**(2,402)**	(1,263)
– finance leases	**(22)**	(33)
– medium term notes	**(17)**	(3,563)
Amortisation of transaction costs on medium term notes	**–**	(428)
Accretion of implicit interest on:		
– retention sum payables	**–**	(9)
– advanced consideration received	**(3,158)**	(3,561)
Discount implicit in retention sum receivables	**(1,592)**	(609)
Exchange loss (net)	**(761)**	(845)
Finance costs	**(7,952)**	(10,311)
Net finance costs recognised in profit or loss	**(6,379)**	(8,129)
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	**353**	1,058
– Total interest expenses on financial liabilities	**(2,441)**	(4,859)

26 TAX EXPENSE

	Group 2018 $'000	Group 2017 $'000
Tax recognised in profit or loss		
Current tax		
Current year	**3,454**	13,182
Changes in estimate related to prior years	**(3,317)**	(1,210)
	137	11,972
Deferred tax		
Origination and reversal of temporary differences	**(230)**	(1,497)
Change in unrecognised deductible temporary differences	**(269)**	43
Changes in estimate related to prior years	**–**	(575)
	(499)	(2,029)
Land appreciation tax		
Current year	**355**	–
Changes in estimate related to prior years	**312**	–
	667	–
Total tax expense	**305**	9,943

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Tax recognised in other comprehensive income

	2018 Before tax $'000	2018 Tax expense $'000	2018 Net of tax $'000	2017 Before tax $'000	2017 Tax expense $'000	2017 Net of tax $'000
Group						
Translation differences for foreign operations	**(5,095)**	**–**	**(5,095)**	(4,315)	–	(4,315)
Exchange differences on monetary items forming part of net investment in foreign operations	**(2,270)**	**–**	**(2,270)**	(1,278)	–	(1,278)
Realisation of exchange differences on monetary items transferred to income statement	**299**	**–**	**299**	175	–	175
	(7,066)	**–**	**(7,066)**	(5,418)	–	(5,418)

	Group 2018 $'000	Group 2017 $'000
Reconciliation of effective tax rate		
Profit before tax	**8,726**	44,152
Less: Share of profit of joint ventures, net of tax	**(209)**	(91)
Profit before tax excluding share of results of joint ventures	**8,517**	44,061
Tax expenses using domestic rates applicable to different jurisdictions	**1,859**	7,256
Expenses not deductible for tax purposes	**1,288**	3,157
Income not subject to tax	**(158)**	(565)
Deferred tax benefits not recognised	**764**	2,687
Tax incentives	**–**	(437)
Effect of land appreciation tax	**355**	–
Utilisation of previously unrecognised deferred tax benefits	**(469)**	(730)
Change in unrecognised deductible temporary differences	**(269)**	43
Changes in estimates related to prior years		
– Current tax	**(3,317)**	(1,210)
– Deferred tax	**–**	(575)
– Land appreciation tax	**312**	–
Others	**(60)**	317
	305	9,943

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 approximately $Nil (2017: $194,000) was granted to a subsidiary of 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 2017, productivity and innovation tax credit amounted to approximately $1,905,000 was granted a subsidiary of the Company.

27 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ("EPS") was based on the profit attributable to the ordinary shareholders of $8,808,000 (2017: $34,023,000) and a weighted average number of ordinary shares outstanding of 445,517,545 (2017: 451,722,407), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2018	**2017**
	$'000	**$'000**
Earnings per share is based on:		
Profit attributable to ordinary shareholders	**8,808**	34,023

Weighted average number of ordinary shares

	Number of shares	
	2018	**2017**
	'000	**'000**
Issued ordinary shares at 1 January	**451,722**	454,014
Effect of treasury shares	**(6,204)**	(2,292)
Weighted average number of ordinary shares during the year	**445,518**	451,722

There are no potential dilutive ordinary shares in existence for the years presented.

28 OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business unit, the Group's CEO (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 and civil engineering projects and provision of construction and civil engineering services mainly to property developers and government in both private and public sectors.
- Property development: Relates to development and sales of properties.
- Rental: Relates to rental of investment properties and plant and machinery.

Other operations include general corporate activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before 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.

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Information about reportable segments

	Construction $'000	Property development $'000	Rental $'000	Segments total $'000	Others * $'000	Total $'000
31 December 2018						
External revenues	**313,483**	**64,069**	**1,548**	**379,100**	**–**	**379,100**
Interest income	**45**	**279**	**–**	**324**	**29**	**353**
Interest expenses	**(2,408)**	**–**	**–**	**(2,408)**	**(33)**	**(2,441)**
Depreciation and amortisation	**(18,241)**	**(93)**	**(545)**	**(18,879)**	**(23)**	**(18,902)**
Reportable segment profit/(loss) before tax	**8,193**	**3,008**	**846**	**12,047**	**(3,530)**	**8,517**
Share of gain/(loss) of joint ventures, net of tax	**1,348**	**(1,139)**	**–**	**209**	**–**	**209**
Profit before tax						**8,726**
Tax expense						**(305)**
Profit for the year						**8,421**
Reportable segment assets	**308,469**	**281,338**	**16,488**	**606,295**	**16,359**	**622,654**
Investment in associates and joint ventures	**11,660**	**30,005**	**–**	**41,665**	**914**	**42,579**
Total assets						**665,233**
Reportable segment liabilities	**304,430**	**52,496**	**–**	**356,926**	**1,584**	**358,510**
Capital expenditure	**16,027**	**82**	**–**	**16,108**	**13**	**16,122**
31 December 2017						
External revenues	705,335	95,503	1,933	802,771	–	802,771
Interest income	166	757	–	923	135	1,058
Interest expenses	(1,325)	(204)	–	(1,529)	(3,330)	(4,859)
Depreciation and amortisation	(16,256)	(50)	(577)	(16,883)	(32)	(16,915)
Reportable segment profit/(loss) before tax	41,128	8,037	1,841	51,006	(6,945)	44,061
Share of (loss)/gain of joint ventures, net of tax	(986)	1,077	–	91	–	91
Profit before tax						44,152
Tax expense						(9,943)
Profit for the year						34,209
Reportable segment assets	353,007	344,601	13,584	711,192	96,634	807,826
Investment in associates and joint ventures	9,499	24,663	–	34,162	–	34,162
Total assets						841,988
Reportable segment liabilities	350,796	93,231	–	444,027	77,626	521,653
Capital expenditure	22,136	86	–	22,222	6	22,228
1 January 2017						
Reportable segment assets	374,844	426,469	14,927	816,240	9,494	825,734
Investment in associates and joint ventures	7,582	22,953	–	30,535	–	30,535
Total assets						856,269
Reportable segment liabilities	320,916	224,341	–	545,257	4,184	549,441
Capital expenditure	39,760	121	–	39,881	2	39,883

* General corporate activities

Geographical segments

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

	Revenue from external customers		Non-current assets*		
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Group					
Singapore	**313,584**	705,460	**158,600**	155,576	146,312
PRC	**65,330**	96,789	**13,512**	13,604	15,004
PNG	**101**	103	**324**	403	538
Europe	**–**	–	**86**	85	95
Malaysia	**85**	419	**7,733**	7,835	7,912
	379,100	802,771	**180,255**	177,503	169,861

* The non-current assets consist of property, plant and equipment, intangible assets, investment properties and investment in associate and joint ventures.

Major customers

During the financial years ended 31 December 2018 and 2017, revenue from certain customers (named alphabetically A to C) of the Group's construction segment amount to approximately $66,036,000 (2017: $357,058,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2018		2017	
	$'000	%	$'000	%
Customer A	**66,036**	**17**	159,319	20
Customer B	**–**	**–**	121,939	15
Customer C	**–**	**–**	75,800	9
Total	**66,036**	**17**	357,058	44

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

29 COMMITMENTS

(a) Commitments

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

	Group	
	2018	**2017**
	$'000	**$'000**
Developmental costs contracted but not provided for:		
– subsidiaries	**19,816**	28,464
– a joint venture	**28,694**	26
Purchase of property, plant and equipment	**140**	1,168
	48,650	29,658

(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	
	2018	**2017**
	$'000	**$'000**
Within one year	**420**	1,415
Between one and five years	**504**	504
More than five years	**1,879**	2,005
	2,803	3,924

The Group leases four pieces of land under operating leases. The leases run for a period ranging from 1 to 21 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.

30 FINANCIAL GUARANTEE CONTRACTS

(a) Guaranteed performance bonds

Certain subsidiaries have obtained guarantee from the banks to provide performance bonds to the developers amounting to $155,605,000 (2017: $189,169,000).

30 FINANCIAL GUARANTEE CONTRACTS (CONTINUED)

(b) Financial guarantees

The Group accounts for its financial guarantees as insurance contracts. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows. At reporting date, the Group and the Company do not consider that it is probable that a claim will be made against the Group and the Company under the financial guarantee contracts. Accordingly, the Group and the Company do not expect any net cash outflows resulting from the financial guarantees contract. The Group and the Company issue guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) for their wholly-owned subsidiaries and joint ventures:

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Guarantees given to banks to secure banking facilities provided to :				
– subsidiaries	–	–	534,097	460,157
– Joint ventures	67,159	39,351	–	–
	67,159	39,351	534,097	460,157

At reporting date, following banking facilities were utilised

	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Banking facilities of:				
– subsidiaries	–	–	251,181	235,279
– Joint ventures	49,836	25,358	–	–
	49,836	25,358	251,181	235,279

31 CONTINGENCIES

One of the subsidiaries of the Group in PNG has potential contingencies arising from a claim from certain former employees of the subsidiary for unlawful termination, breaches of the Constitution and the Employment Act and unpaid entitlements, amounting to approximately $4.0 million. Based on the advice of the external legal counsel, the claim is without merit and no provision has been recorded by the Group as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 RELATED PARTIES

(a) Key management personnel compensation

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

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

	Group	
	2018 **\$'000**	**2017** **\$'000**
Short-term employee benefits	**3,533**	5,598
Post-employment benefits	**94**	99
	3,627	5,697
Directors' fees payable by the Company	**300**	250

(b) Other related party transactions

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

	Group	
	2018 **\$'000**	**2017** **\$'000**
Affiliated corporations		
Hiring charges	**(6,475)**	(7,831)
Construction revenue	**3,813**	24,873
Joint venture		
Construction revenue`	**16,676**	35,291

In 2017, a spouse of a Director purchased a total of \$500,000 fixed rate medium term notes ("MTN") issued by the Company. Accordingly, the Director had deemed interest of \$500,000 of the Company's MTN. The MTN was redeemed on 3 January 2018.

33 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 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.

34 FINANCIAL INSTRUMENTS

Financial risk management

(a) 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.

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 to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers.

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.

Trade and other receivables and contract assets

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 associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Over 99% (2017: 99%; 1 January 2017: 99%) 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.

The Group does not require collateral in respect of trade and other receivables and contract assets. The Group does not have trade receivables and other receivables and contract assets for which no loss allowance is recognised because of collateral.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Exposure to credit risk

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group					
	31 December 2018		**31 December 2017**		**1 January 2017**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**
Singapore	**96,301**	**99.7**	98,026	99.8	83,702	99.6
PRC	**16**	**0.1**	16	0.1	20	0.1
Europe	**191**	**0.1**	195	0.1	222	0.3
Malaysia	**7**	**0.1**	–	–	–	–
Total	**96,515**	**100.0**	98,237	100.0	83,944	100.0

The exposure to credit risk for trade receivables and contract assets at the reporting date by industry sectors was:

	Group					
	31 December 2018		**31 December 2017**		**1 January 2017**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**
Construction	**96,499**	**99.9**	98,221	99.9	83,924	99.9
Property development	**16**	**0.1**	16	0.1	20	0.1
Total	**96,515**	**100.0**	98,237	100.0	83,944	100.0

The Group's top four (2017: two; 1 January 2017: two) most significant customers, account for $11,603,000 of the trade receivables carrying amount as at 31 December 2018 (2017: $10,370,000; 1 January 2017: $27,345,000).

Impairment losses

Comparative information under FRS39

The ageing of trade receivables and contract assets and impairment losses at the reporting dates was as follows:

	31 December 2017		**1 January 2017**	
	Gross	**Impairment**	**Gross**	**Impairment**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Neither past due nor impaired	17,295	–	56,364	–
Past due 1 – 30 days	240	–	6,019	–
Past due 31 – 60 days	47	–	38	–
More than 60 days	3,526	512	1,918	536
	21,108	512	64,339	536

Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a large number of small balances.

The allowance matrix is based on loss rates determined based on actual credit loss experience over the past three years, current economic conditions and the Group's view of economic conditions over the expected lives of the recoverables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecasted gross domestic product and is in the range of 1.5 to 3.5% for overall market condition.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers as at 31 December 2018:

	Group			
	Weighted average loss rate %	**Gross carrying amount $'000**	**Impairment loss allowance $'000**	**Credit impaired**
Current (not past due)	0.00	88,177	–	No
Past due 1 – 30 days	0.00	5,268	–	No
Past due 31 – 60 days	0.00	116	–	No
More than 60 days	15.76	3,507	(553)	Yes
		97,068	(553)	

Movement in allowance for impairment in respect of trade receivables and contract assets

The movement in allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group $'000
At 1 January 2017 per FRS 39	536
Amounts written off	(24)
At 31 December 2017 per FRS 39	512

	Group Lifetime ECL $'000
At 1 January 2018 per FRS 39	512
Adjustment on initial application of SFRS(I) 9	37
At 1 January 2018 per SFRS(I) 9	549
Impairment loss recognised	15
Reversal of impairment loss	(18)
Effect of movement in exchange rate	7
At 31 December 2018 per SFRS(I) 9	553

There are no significant changes in the gross carrying amounts of trade receivables and contract assets contributed to the changes in the impairment loss allowance during 2018.

Amount due from related parties, other receivables and loans to joint ventures

Impairment on these balances have been measured on the 12-month expected loss basis which reflects the low credit risk of exposures. The amount of the allowance on these balances is insignificant.

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Year ended 31 December 2018

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $39,975,000 and $82,000 respectively at 31 December 2018 (2017: $143,715,000 and $77,078,000; 1 January 2017: $92,248,000 and $2,930,000 respectively). The cash and cash equivalents are held with banks, which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

(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.

At 31 December 2018, the Group maintains the following lines of credit:

- $6,540,000 (2017: $7,040,000; 1 January 2017: $7,040,000) of secured overdraft facilities, of which $Nil (2017: $Nil; 1 January 2017: $Nil) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $199,380,000 (2017: $172,346,000; 1 January 2017: $222,070,000) that can be drawn down to meet short-term financing needs. An amount of $96,881,000 (2017: $37,355,000; 1 January 2017: $79,795,000) 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.

In addition, the Group has put in place a $250,000,000 Multi-currency Medium Term Note Programme in 2013, of which $75,000,000 has been issued as at 31 December 2018. $2,000,000 of the Multi-currency Medium Term Note issued was purchased by the Company in 2016 and all the Multi-currency Medium Term Note was fully redeemed on 3 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 1 and 5 years $'000	Cash flows: More than 5 years $'000
Group					
At 31 December 2018					
Trade and other payables					
Trade payables	**31,897**	**31,897**	**31,897**	**–**	**–**
Accrued trade payables	**86,774**	**86,774**	**86,774**	**–**	**–**
Accrued operating expenses and other payables	**16,741**	**16,741**	**16,741**	**–**	**–**
Retention sums payable	**42,069**	**43,387**	**34,481**	**8,906**	**–**
	177,481	**178,799**	**169,893**	**8,906**	**–**
Loans and borrowings					
Secured bank loans	**109,497**	**110,401**	**96,474**	**10,887**	**3,040**
Finance lease liabilities	**413**	**435**	**218**	**217**	**–**
	109,910	**110,836**	**96,692**	**11,104**	**3,040**
Amounts due to related parties	**22,676**	**22,676**	**22,676**	**–**	**–**
Recognised financial liabilities	**310,067**	**312,311**	**289,261**	**20,010**	**3,040**
At 31 December 2017					
Trade and other payables					
Trade payables	20,282	20,282	20,282	–	–
Accrued trade payables	138,151	138,151	138,151	–	–
Accrued operating expenses and other payables	24,096	24,096	24,096	–	–
Retention sums payable	56,894	57,848	33,598	24,250	–
	239,423	240,377	216,127	24,250	–
Loans and borrowings					
Medium term notes	72,996	76,796	76,796	–	–
Secured bank loans	58,404	59,145	41,648	10,123	7,374
Finance lease liabilities	666	697	505	192	–
	132,066	136,638	118,949	10,315	7,374
Amounts due to related parties	23,785	23,785	23,785	–	–
Recognised financial liabilities	395,274	400,800	358,890	34,536	7,374
Company					
At 31 December 2018					
Trade and other payables					
Accrued operating expenses and other payables	**219**	**219**	**219**	**–**	**–**
Amount due to related parties	**58,056**	**58,056**	**58,056**	**–**	**–**
Recognised financial liabilities	**58,275**	**58,275**	**58,275**	**–**	**–**
At 31 December 2017					
Trade and other payables					
Accrued operating expenses and other payables	3,592	3,592	3,592	–	–
Loans and borrowings					
Medium term notes	72,996	76,796	76,796	–	–
Amount due to related parties	59,119	59,119	59,119	–	–
Recognised financial liabilities	135,707	139,507	139,507	–	–

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Year ended 31 December 2018

Guarantees

The Group and the Company provide financial guarantees only for their wholly-owend subsidiaries and joint ventures.

The maximum exposure of the financial guarantee at the end of the reporting period is disclosed in Note 30. At the reporting date, the Group and the Company do not consider that it probable that a claims will be made against the Group and Company under the financial guarantee.

The table below shows the contractual expiry by maturity of the Group and the 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	Between 1 and 5 years $'000	Total $'000
Group			
31 December 2018			
Financial guarantees	–	49,836	49,836
31 December 2017			
Financial guarantees	–	25,358	25,358
Company			
31 December 2018			
Financial guarantees	251,181	–	251,181
31 December 2017			
Financial guarantees	235,279	–	235,279

(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.

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 date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Fixed rate instruments						
Loans and borrowings	**413**	73,662	73,927	**–**	72,996	72,568
Variable rate instruments						
Loans and borrowings	**109,497**	58,404	102,453	**–**	–	–

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 (decreased)/increased 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 2017.

	Profit before tax	
	100 bp Increase $'000	**100 bp Decrease $'000**
Group		
2018		
Variable rate instruments	**(1,095)**	**1,095**
2017		
Variable rate instruments	(584)	584

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 transactional foreign currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings, including intercompany sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Renminbi ("RMB"), Singapore dollar ("SGD"), Euro ("EURO"), Swiss Franc ("CHF") and United States dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Exposure to currency risk

The summary quantitative data about the exposure to currency risk as reported to the management of the Group is as follows:

	RMB $'000	SGD $'000	EURO $'000	CHF $'000	USD $'000
Group					
At 31 December 2018					
Amounts due from related parties	**15,772**	**3,305**	**3,087**	**–**	**14,051**
Cash and cash equivalents	**228**	**–**	**–**	**–**	**1,593**
Trade and other payables	**–**	**–**	**(947)**	**–**	**–**
Amounts due to related parties	**–**	**–**	**–**	**(32)**	**(14,050)**
	16,000	**3,305**	**2,140**	**(32)**	**1,594**
At 31 December 2017					
Trade and other receivables	–	–	154	–	–
Amounts due from related parties	22,330	611	3,044	3,618	13,745
Cash and cash equivalents	6,989	–	–	–	994
Trade and other payables	–	–	(962)	–	–
Amounts due to related parties	–	–	–	(31)	(13,744)
	29,319	611	2,236	3,587	995
At 1 January 2017					
Trade and other receivables	–	–	159	–	–
Amounts due from related parties	23,332	1,794	3,089	3,750	14,871
Cash and cash equivalents	51	–	–	–	2,891
Trade and other payables	–	–	(998)	–	–
Amounts due to related parties	–	–	–	(33)	(14,869)
	23,383	1,794	2,250	3,717	2,893

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group would increase profit before tax by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before tax 2018 $'000	Profit before tax 2017 $'000
Group		
RMB	**1,600**	2,932
SGD	**331**	61
EURO	**214**	224
CHF	**(3)**	359
USD	**159**	100

(e) Insurance risk

The Company issued financial guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) granted to subsidiaries of the Group. Please refer to Note 30 and Note 34(c) for details.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
	FVOCI – equity instruments $'000	FVOCI – other financial assets $'000	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2018								
Financial assets measured at fair value								
Other financial asset – at FVOCI	–	724	–	724	–	–	724	724
Quoted equity investments – at FVOCI	13	–	–	13	13	–	–	13
Unquoted equity investments – at FVOCI	534	–	–	534	–	–	534	534
	547	724	–	1,271				
Financial assets not measured at fair value								
Trade and other receivables*	–	–	81,654	81,654	–	–	–	–
Amount due from related parties	–	–	41,720	41,720	–	–	–	–
Cash and cash equivalents	–	–	39,975	39,975	–	–	–	–
	–	–	163,349	163,349				
Financial liabilities not measured at fair value								
Amounts due to related parties	–	–	(22,676)	(22,676)	–	–	–	–
Trade and other payables	–	–	(177,481)	(177,481)	–	–	–	–
Loans and borrowings	–	–	(109,910)	(109,910)	–	(100,036)	–	(100,036)
	–	–	(310,067)	(310,067)				

* Excluded tax prepayments, deposits and prepayments and advances to suppliers

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Year ended 31 December 2018

	Carrying amount				Fair value			
	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2017								
Financial assets measured at fair value								
Quoted equity investments – available-for-sale	27	–	–	27	27	–	–	27
Financial assets not measured at fair value								
Unquoted equity investments – available-for-sale#	534	–	–	534	–	–	–	–
Trade and other receivables*	–	92,108	–	92,108	–	–	–	–
Amount due from related parties	–	51,231	–	51,231	–	–	–	–
Cash and cash equivalents	–	143,715	–	143,715	–	–	–	–
	534	287,054	–	287,588				
Financial liabilities not measured at fair value								
Amounts due to related parties	–	–	(23,785)	(23,785)	–	–	–	–
Trade and other payables	–	–	(239,423)	(239,423)	–	–	–	–
Loans and borrowings	–	–	(132,066)	(132,066)	–	(126,813)	–	(126,813)
	–	–	(395,274)	(395,274)				

\# Unquoted equity securities are measured at cost less impairment losses as the fair values cannot be determined reliably

* Excluded tax prepayments, deposits and prepayments and advances to suppliers

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

	Carrying amount				Fair value			
	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
1 January 2017								
Financial assets measured at fair value								
Quoted equity investments – available-for-sale	18	–	–	18	18	–	–	18
Financial assets not measured at fair value								
Unquoted equity investments – available-for-sale#	602	–	–	602	–	–	–	–
Trade and other receivables*	–	129,652	–	129,652	–	–	–	–
Amount due from related parties	–	51,018	–	51,018	–	–	–	–
Cash and cash equivalents	–	92,248	–	92,248	–	–	–	–
	602	272,918	–	273,520				
Financial liabilities not measured at fair value								
Amounts due to related parties	–	–	(28,800)	(28,800)	–	–	–	–
Trade and other payables	–	–	(189,748)	(189,748)	–	–	–	–
Loans and borrowings	–	–	(176,380)	(176,380)	–	(161,862)	–	(161,862)
	–	–	(394,928)	(394,928)				

\# Unquoted equity securities are measured at cost less impairment losses as the fair values cannot be determined reliably

* Excluded tax prepayments, deposits and prepayments and advances to suppliers

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FINANCIAL STATEMENTS

Year ended 31 December 2018

	Carrying amount		Fair value			
	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company						
31 December 2018						
Financial assets not measured at fair value						
Trade and other receivables	**7**	**7**	**–**	**–**	**–**	**–**
Amount due from related parties	**104,436**	**104,436**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**82**	**82**	**–**	**–**	**–**	**–**
	104,525	**104,525**				
Financial liabilities not measured at fair value						
Amounts due to related parties	**(58,056)**	**(58,056)**	**–**	**–**	**–**	**–**
Trade and other payables	**(219)**	**(219)**	**–**	**–**	**–**	**–**
	(58,275)	**(58,275)**				

	Carrying amount			Fair value			
	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company							
31 December 2017							
Financial assets not measured at fair value							
Trade and other receivables	7	–	7	–	–	–	–
Amount due from related parties	104,436	–	104,436	–	–	–	–
Cash and cash equivalents	77,078	–	77,078	–	–	–	–
	181,521	–	181,521				
Financial liabilities not measured at fair value							
Amounts due to related parties	–	(59,119)	(59,119)	–	–	–	–
Trade and other payables	–	(3,592)	(3,592)	–	–	–	–
Loans and borrowings	–	(72,996)	(72,996)	–	(72,896)	–	(72,896)
	–	(135,707)	(135,707)				

	Carrying amount				Fair value			
	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
1 January 2017								
Financial assets not measured at fair value								
Trade and other receivables	–	3	–	3	–	–	–	–
Amount due from related parties	–	129,981	–	129,981	–	–	–	–
Cash and cash equivalents	–	2,930	–	2,930	–	–	–	–
	–	132,914	–	132,914				
Financial liabilities not measured at fair value								
Amounts due to related parties	–	–	(4,608)	(4,608)	–	–	–	–
Trade and other payables	–	–	(3,197)	(3,197)	–	–	–	–
Loans and borrowings	–	–	(72,568)	(72,568)	–	(65,726)	–	(65,726)
	–	–	(80,373)	(80,373)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial instruments measured at fair value – Group			
Unquoted equity investments – at FVOCI (2017: Available for sales financial assets)	Net asset value	Net asset value	The estimated fair value varies directly with the net asset value of the entity
Other financial asset - at FVOCI (2017: Available for sale financial assets)	Market comparison	Not applicable	Not applicable
Financial instruments not measured at fair value – Group and Company			
Loan and borrowings	Discounted cash flows	Not applicable	Not applicable

(ii) Transfers between Level 1 and 2

There were no transfers between Level 1 and 2 in 2018 and 2017.

(iii) Level 3 fair value

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2017 and 2018 are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

35 NON-CONTROLLING INTERESTS

The following subsidiaries have material NCI.

Name	Operating segment	Principal places of business/ Country of incorporation	Ownership interest 2018 %	2017 %	1 January 2017 %
Steeltech Industries Pte. Ltd. ("Steeltech")	Construction	Singapore	**29**	29	49
Tianjin Tianmen Jiawan Property Development Co., Ltd. ("Jinwan")	Property development	PRC	**50**	50	50
Tianjin Zizhulin Investment Co., Ltd ("Chuang Zhan")	Property development	PRC	**34**	34	34
Cangzhou Huashi	Property development	PRC	**59**	59	59
Guangang	Property development	PRC	**31**	31	36

NOTES TO THE FINANCIAL STATEMENTS

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The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2018								
Revenue	9,464	–	–	1,168	54,268			
Profit/(Loss)	(401)	(20)	4,542	321	451			
OCI	–	(754)	(1,318)	(636)	(2,298)			
Total comprehensive income	(401)	(774)	3,224	(315)	(1,847)			
Attributable to NCI:								
– Profit/(Loss)	(116)	(10)	1,544	189	140	(470)	(1,664)	(387)
– OCI	–	(377)	(448)	(375)	(712)	(354)	783	(1,483)
– Total comprehensive income	(116)	(387)	1,096	(186)	(572)	(824)	(881)	(1,870)
Non-current assets	9,528	–	40,011	7	225			
Current assets	12,069	43,911	18,417	3,066	192,643			
Non-current liabilities	(4,082)	(163)	–	–	–			
Current liabilities	(1,714)	(21,044)	(17,552)	(636)	(123,070)			
Net assets	15,801	22,704	40,876	2,437	69,798			
Net assets attributable to NCI	4,582	11,352	13,898	1,438	21,637	9,693	(24,299)	38,301
Cash flows from operating activities	1,559	(5)	(662)	511	(1,738)			
Cash flows from investing activities	46	–	1,618	(484)	(58)			
Cash flows from financing activities	(354)	–	(820)	–	(1,105)			
Net increase/(decrease) in cash and cash equivalents	1,251	(5)	136	27	(2,901)			

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Year ended 31 December 2018

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2017								
Revenue	23,183	–	–	965	28,393			
Profit/(Loss)	2,214	(221)	159	(60)	(1,686)			
OCI	–	(329)	(518)	(272)	(1,026)			
Total comprehensive income	2,214	(550)	(359)	(332)	(2,712)			
Attributable to NCI:								
– Profit/(Loss)	642	(111)	54	(36)	(523)	121	39	186
– OCI	–	(165)	(176)	(160)	(317)	(131)	(1,158)	(2,107)
– Total comprehensive income	642	(276)	(122)	(196)	(840)	(10)	(1,119)	(1,921)
Non-current assets	9,424	–	47,255	8	196			
Current assets	12,586	45,373	19,473	20,371	234,322			
Non-current liabilities	(4,357)	(168)	–	(102)	(1,232)			
Current liabilities	(1,075)	(21,728)	(29,076)	(724)	(161,628)			
Net assets	16,578	23,477	37,652	19,553	71,658			
Net assets attributable to NCI	4,807	11,739	12,802	11,537	22,214	10,599	(26,716)	46,982
Cash flows from operating activities	4,387	(19)	(430)	(586)	26,557			
Cash flows from investing activities	(386)	241	2,410	9	975			
Cash flows from financing activities	(591)	–	(2,809)	(551)	(25,800)			
Net increase/(decrease) in cash and cash equivalents	3,410	222	(829)	(1,128)	1,732			
1 January 2017								
Non-current assets	8,983	–	44,589	9	272			
Current assets	11,632	46,228	22,521	21,644	247,936			
Non-current liabilities	(4,613)	(170)	–	(95)	–			
Current liabilities	(1,439)	(22,030)	(29,101)	(1,673)	(173,525)			
Net assets	14,563	24,028	38,009	19,885	74,683			
Net assets attributable to NCI	7,136	12,014	12,923	11,733	26,886	10,464	(24,212)	56,944

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36 ACQUISITIONS OF NON-CONTROLLING INTERESTS

(a) During the year, the Group's wholly owned subsidiary Chang De Investment Private Limited, acquired an additional interest of 2.975% in Tiong Seng (Tianjin) Project Management and Consultancy Co., Ltd ("Changsheng") from its effectively 66% owned subsidiary Chuang Zhan for RMB1,785,000 (equivalent to $373,000).

Following the acquisition, the Group's effective interest in Changsheng increased from 99.0% to 100.0%. The carrying amount of Changsheng's net assets in the Group's consolidated financial statements on the date of acquisition was $10,101,000. The Group recognized an increase in NCI of $25,000 and a decrease in capital reserve of $25,000.

	2018 Group $'000
Carrying amount of NCI acquired	**102**
Consideration attributable to NCI	**(127)**
Increase in carrying amount of NCI/(Decrease) in equity attributable to owners of the Company	**(25)**

(b) In year 2017, the Group acquired additional 20.0% and 5.5% effective interests in Steeltech and Guangang for $2,000,000 and RMB38,400,000 (equivalent to $7,873,000) respectively.

Following the acquisition, effective interest in both Steeltech and Guangang increased from 51.0% to 71.0% and 64.0% to 69.5% respectively. The carrying amount of Steeltech and Guangang's net assets in the Group's consolidated financial statements on the date of the acquisition was $15,154,000 and $69,911,000. The Group recognised a decrease in NCI of $7,983,000 and a decrease in capital reserve of $1,890,000, resulting in a net decrease in equity attributable to owners of the Company of $1,890,000.

	2017 Group $'000
Carrying amount of NCI acquired	7,983
Consideration paid to NCI	(9,873)
Decrease in equity attributable to owners of the Company	(1,890)

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of SFRS(I) 1 and the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 15 and SFRS(I) 9 have affected the Group's financial position, financial performance and cash flows is set out under the summary of quantitative impact and the accompanying notes.

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 15 and SFRS(I) 9 on the Group's financial positions as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's statement of cash flows for the year ended 31 December 2017 arising on the transition to SFRS(I).

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Reconciliation of the Group's equity
Consolidated statement of financial position

	Note		31 December 2017			1 January 2018	
		FRS framework $'000	SFRS(I)15 $'000	Reclassification $'000	SFRS(I) framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Non-current assets							
Property, plant and equipment		129,349	–	–	129,349	–	129,349
Intangible assets		408	–	–	408	–	408
Investment properties		13,584	–	–	13,584	–	13,584
Associates and joint ventures	C	24,663	–	9,499	34,162	–	34,162
Trade and other receivables		13,929	–	–	13,929	–	13,929
Amount due from related parties		2,715	–	–	2,715	–	2,715
Other investments		1,285	–	–	1,285	–	1,285
Deferred tax assets		202	–	–	202	–	202
		186,135	–	9,499	195,634	–	195,634
Current assets							
Inventories		1,074	–	–	1,074	–	1,074
Construction work-in-progress	A(i)	28,558	(28,558)	–	–	–	–
Contract costs	A(ii)	–	1,628	–	1,628	–	1,628
Contract assets	A(i)	–	77,641	–	77,641	–	77,641
Development properties		278,676	–	–	278,676	–	278,676
Trade and other receivables	A(i), B(i)	165,618	(70,514)	–	95,104	(37)	95,067
Amounts due from related parties	C	49,716	–	(1,200)	48,516	–	48,516
Cash and cash equivalents		143,715	–	–	143,715	–	143,715
		667,357	(19,803)	(1,200)	646,354	(37)	646,317
Total assets		853,492	(19,803)	(8,299)	841,988	(37)	841,951
Equity attributable to owners of the Company							
Share capital		181,947	–	–	181,947	–	181,947
Treasury shares		(3,033)	–	–	(3,033)	–	(3,033)
Reserves	A(iii)	(71,198)	49	–	(71,149)	–	(71,149)
Retained earnings	A(i), A(ii), A(iii)	172,815	(7,227)	–	165,588	(37)	165,551
		280,531	(7,178)	–	273,353	(37)	273,316
Non-controlling interests	A(ii), A(iii)	46,838	144	–	46,982	–	46,982
Total equity		327,369	(7,034)	–	320,335	(37)	320,298
Non-current liabilities							
Trade and other payables		23,296	–	–	23,296	–	23,296
Loans and borrowings		17,184	–	–	17,184	–	17,184
Deferred tax liabilities		3,779	–	–	3,779	–	3,779
		44,259	–	–	44,259	–	44,259
Current liabilities							
Contract liabilities	A(i), A(iv)	–	105,939	–	105,939	–	105,939
Trade and other payables	A(i), A(iii), A(iv)	333,424	(117,297)	–	216,127	–	216,127
Amounts due to related parties	C	15,486	–	8,299	23,785	–	23,785
Loans and borrowings		114,882	–	–	114,882	–	114,882
Current tax payable	A(i)	18,072	(1,411)	–	16,661	–	16,661
		481,864	(12,769)	8,299	477,394	–	477,394
Total liabilities		526,123	(12,769)	8,299	521,653	–	521,653
Total equity and liabilities		853,492	(19,803)	8,299	841,988	(37)	841,951

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Year ended 31 December 2018

Reconciliation of the Group's equity
Consolidated statement of financial position

	Note	FRS framework $'000	1 January 2017 SFRS(I)15 $'000	Reclassification $'000	SFRS(I) framework $'000
Non-current assets					
Property, plant and equipment		123,164	–	–	123,164
Intangible assets		1,235	–	–	1,235
Investment properties		14,927	–	–	14,927
Associates and joint ventures	C	22,953	–	7,582	30,535
Trade and other receivables		30,719	–	–	30,719
Amount due from related parties		1,653	–	–	1,653
Other investments		1,145	–	–	1,145
Deferred tax assets		204	–	–	204
		196,000	–	7,582	203,582
Current assets					
Inventories		1,467	–	–	1,467
Construction work-in-progress	A(i)	30,337	(30,337)	–	–
Contract costs	A(ii)	–	1,579	–	1,579
Contract assets	A(i)	–	60,001	–	60,001
Development properties		336,049	–	–	336,049
Trade and other receivables	A(i)	256,903	(144,925)	–	111,978
Amounts due from related parties	C	51,645	–	(2,280)	49,365
Cash and cash equivalents		92,248	–	–	92,248
		768,649	(113,682)	(2,280)	652,687
Total assets		964,649	(113,682)	5,302	856,269
Equity attributable to owners of the Company					
Share capital		181,947	–	–	181,947
Treasury shares		(1,310)	–	–	(1,310)
Reserves		(65,948)	–	–	(65,948)
Retained earnings	A(i), A(ii), A(iii)	145,517	(10,322)	–	135,195
		260,206	(10,322)	–	249,884
Non-controlling interests	A(iii)	57,641	(697)	–	56,944
Total equity		317,847	(11,019)	–	306,828
Non-current liabilities					
Trade and other payables		24,348	–	–	24,348
Loans and borrowings		90,931	–	–	90,931
Deferred tax liabilities		5,810	–	–	5,810
		121,089	–	–	121,089
Current liabilities					
Progress billings in excess of construction work-in-progress	A(i)	8,545	(8,545)	–	–
Contract liabilities	A(i), A(iv)	–	137,709	–	137,709
Trade and other payables	A(i), A(iii), A(iv)	395,651	(230,251)	–	165,400
Amounts due to related parties	C	23,498	–	5,302	28,800
Loans and borrowings		85,449	–	–	85,449
Current tax payable	A(i)	12,570	(1,576)	–	10,994
		525,713	(102,663)	5,302	428,352
Total liabilities		646,802	(102,663)	5,302	549,441
Total equity and liabilities		964,649	(113,682)	5,302	856,269

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Year ended 31 December 2018

Reconciliation of the Group's statement of comprehensive income
Consolidated statement of comprehensive income

		Year ended 31 December 2017		
	Note	FRS framework $'000	SFRS(I)15 $'000	SFRS(I) framework $'000
Revenue				
Revenue from construction contracts	A(i)	651,326	54,009	705,335
Revenue from sales of development properties	A(iii)	89,537	5,966	95,503
Rental income		1,933	–	1,933
		742,796	59,975	802,771
Other income		6,221	–	6,221
Costs of construction contracts	A(i)	(583,309)	(53,376)	(636,685)
Costs of sales of development properties		(80,203)	–	(80,203)
Depreciation and amortisation		(5,103)	–	(5,103)
Selling expenses	A(ii)	(4,202)	1,047	(3,155)
Staff costs		(20,187)	–	(20,187)
Other expenses		(11,469)	–	(11,469)
		(704,473)	(52,329)	(756,802)
Profit from operating activities		44,544	7,646	52,190
Finance income		2,182	–	2,182
Finance costs	A(iii)	(6,750)	(3,561)	(10,311)
Net finance costs		(4,568)	(3,561)	(8,129)
Share of profit of joint ventures, net of tax		91	–	91
Profit before tax		40,067	4,085	44,152
Tax expense	A(i)	(9,778)	(165)	(9,943)
Profit for the year		30,289	3,920	34,209

Reconciliation of the Group's statement of comprehensive income
Consolidated statement of comprehensive income

	Note	Year ended 31 December 2017 FRS framework $'000	SFRS(I)15 $'000	SFRS(I) framework $'000
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign subsidiaries	A(iii)	(4,380)	65	(4,315)
Exchange differences on monetary items forming part of net investment in a foreign operation		(1,278)	–	(1,278)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		175	–	175
Other comprehensive income for the year, net of tax		(5,483)	65	(5,418)
Total comprehensive income for the year		24,806	3,985	28,791
Profit attributable to:				
Owners of the Company		30,928	3,095	34,023
Non-controlling interests		(639)	825	186
Profit for the year		30,289	3,920	34,209
Total comprehensive income attributable to:				
Owners of the Company		27,568	3,144	30,712
Non-controlling interests		(2,762)	841	(1,921)
Total comprehensive income for the year		24,806	3,985	28,791

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Notes To The Reconciliations

A. SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I) 1.

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date of the contract was completed to restate comparative information.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

(i) Contract revenue and contract costs relate to construction contracts

The Group previously recognised both contract revenue and contract costs relate to construction contracts with reference to the stage of completion. Stage of completion is measured by reference to surveys performed which would qualify as an output method under SFRS(I) 15. Under SFRS(I) 15 only revenue is recognised with reference to an input or output method while costs are expensed as incurred unless they qualified to be capitalised.

The Group has assessed that the performance obligations for construction contracts with customers will be satisfied over time. The Group has implemented the input method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time. Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of that performance obligation. Accordingly, the revenue will be recognised using the percentage of completion method computed based on actual cost incurred to date over the budgeted cost. The impact to the financial statements is as follows:

	31 December 2017 $'000	1 January 2017 $'000
Consolidated statement of financial position		
Decrease in construction work-in-progress	(28,558)	(30,337)
Increase in contract assets	77,641	60,001
Decrease in trade and other receivables	(70,514)	(144,925)
Increase in contract liabilities	(52,628)	(53,617)
Decrease in progress billings in excess of construction work-in-progress	–	8,545
Decrease in trade and other payables	65,199	149,844
Decrease in current tax payable	1,411	1,576
Decrease in retained earnings	7,449	8,913
Consolidated statement of comprehensive income		
Increase in revenue from construction contracts	54,009	
Increase in cost of construction contracts	(53,376)	
Increase in tax expense	(165)	
Increase in profit for the year	468	

(ii) Sales commissions paid to sales or marketing agents on the sale of development properties

The Group pays commissions to property agents on the sale of development properties and previously recognised such sales commissions as an expense when incurred, but are now capitalising such costs as costs of obtaining a contract under SFRS(I) 15 as they are incremental and are expected to be recovered. The capitalised costs are amortised consistently with the pattern of revenue recognised for the related contract. The impact to the financial statements is as follows:

	31 December 2017 $'000	1 January 2017 $'000
Consolidated statement of financial position		
Increase in contract costs	1,628	1,579
Increase in retained earnings	(1,123)	(1,579)
Increase in non-controlling interests	(505)	–

	31 December 2017 $'000
Consolidated statement of comprehensive income	
Decrease in selling expenses/Increase in profit for the year	1,047

(iii) Significant financing components arising from payments from customers from sale of development properties

The Group receives payments from customers for the sale of development properties. Under certain payment arrangements, the time when payments are made by the buyers and the transfer of control of the properties to the buyers do not coincide and where the difference between the timing of receipt of the payments and the transfer of goods and services is 12 months or more, there may exist a significant financing component arising from payments from buyers. As a result of the adoption of SFRS(I) 15, a finance income or finance expenses will be recognised depending on the arrangements. The impact to the financial statements is as follows:

	31 December 2017 $'000	1 January 2017 $'000
Consolidated statement of financial position		
Increase in trade and other payables	(1,213)	(3,685)
Increase in reserves	(49)	–
Decrease in retained earnings	901	2,988
Decrease in non-controlling interest	361	697
Consolidated statement of comprehensive income		
Increase in revenue from sales of development properties	5,966	
Increase in finance costs	(3,561)	
Increase in profit for the year	2,405	
Decrease in translation difference relating to financial statements of foreign subsidiaries	65	
Increase in total comprehensive income for the year	2,470	

(iv) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

'Receipts in advance' classified as 'Contract liabilities' of $53,311,000 as at 31 December 2017 and $84,092,000 as at 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

B. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as at FVOCI.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.7.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	New carrying amount under SFRS(I) 9 $'000
Financial assets					
Other investments					
Other financial assets	(a)	Available-for-sale	FVOCI – equity instrument	724	724
Equity investments	(a)	Available-for-sale	FVOCI – equity instrument	561	561
				1,285	1,285
Trade and other receivables	(b)	Loans and receivables	Amortised cost	92,108	92,071
Cash and cash equivalents		Loans and receivables	Amortised cost	143,715	143,715
Total financial assets				237,108	237,071

(a) These investments represent investments that the Group intends to hold for the long term for strategic purposes. The Group has designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of $37,000 in the allowance for impairment was recognised in opening retained earnings of the Group at 1 January 2018 respectively on transition to SFRS(I) 9.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and contract assets, but not to equity instrument.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	Group $'000
Loss allowance at 31 December 2017 under FRS 39	512
Additional impairment recognised at 1 January 2018 on:	
Trade receivables as at 31 December 2017	37
Loss allowance at 1 January 2018 under SFRS(I) 9	549

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Company measure the allowance for impairment is described in Note 3.8.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

(iii) Transition impact on equity

The following table summarises the impact, net of tax, of transition to SFRS(I) 9 on retained earnings at 1 January 2018.

	Impact of adopting SFRS(I) 9 at 1 January 2018 Group $'000
Retained earnings	
Closing balance under FRS 39 (31 December 2017)	165,588
Recognition of expected credit losses under SFRS(I) 9	(37)
Opening balance under SFRS(I) 9 (1 January 2018)	165,551

C. RECLASSIFICATION

As at 31 December 2017, the Group reclassified the excess of equity accounted share of losses over cost of investment of $1.2 million and $8.3 million (as at 1 January 2017: $2.3 million and $5.3 million), from "associates and joint ventures" to "non-trade amounts due from joint venture" and "non-trade amounts due to joint venture" respectively. The reclassification is to better reflect the Group's obligations to fund the joint ventures' operations.

The reclassification did not have any impact on the statement of comprehensive income and statement of cash flows.

38 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group is still in the process of assessing the impact of the new SFRSs, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to the portfolio of leases. Furthermore, the Group will measure its ROU on a lease-by-lease basis at the amount of the lease liability or as if the SFRS(I) 16 had always been applied. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

As at 1 January 2019, the Group expects an increase in ROU assets of $2,914,000, an increase in lease liabilities of $3,233,000, and a decrease in retained earnings of $319,000.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for other leases in which the Group is a lessor.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	18	1.18	273	0.00
100 – 1,000	84	5.51	52,390	0.01
1,001 – 10,000	480	31.50	2,915,502	0.66
10,001 – 1,000,000	916	60.10	65,977,575	14.83
1,000,001 AND ABOVE	26	1.71	375,839,609	84.50
TOTAL	**1,524**	**100.00**	**444,785,349**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TIONG SENG SHAREHOLDINGS PTE. LTD.	225,397,960	50.68
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	45,800,000	10.30
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	33,386,020	7.51
4	WAN SENG ENTREPRISES PTE LTD	12,732,390	2.86
5	SHINGDA CONSTRUCTION PTE LTD	6,696,950	1.51
6	UOB KAY HIAN PRIVATE LIMITED	6,285,600	1.41
7	DBS NOMINEES (PRIVATE) LIMITED	5,459,935	1.23
8	PECK KHEE SONG @ PECK AH TEE	4,784,200	1.08
9	PHILLIP SECURITIES PTE LTD	3,785,000	0.85
10	PEK AH TUAN	3,604,920	0.81
11	RAFFLES NOMINEES (PTE.) LIMITED	3,262,134	0.73
12	PAY KIAN MENG GILBERT	2,702,000	0.61
13	LEE KHAR HOON	2,650,000	0.60
14	LEE KENG LAN	2,554,000	0.57
15	REPRESENTATIONS INTERNATIONAL (HK) LTD	1,734,000	0.39
16	LEE HONG CHUAN	1,650,000	0.37
17	ESTATE OF LIM KIM ENG, DECEASED	1,582,350	0.36
18	ONG GEOK TOE	1,504,900	0.34
19	ANDREW KHNG	1,464,650	0.33
20	ANG JUI KHOON	1,393,500	0.31
	TOTAL	**368,430,509**	**82.85**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

SHAREHOLDERS' INFORMATION AS AT 15 MARCH 2019

Class of shares	:	Ordinary shares
Number of Shares issued (excluding Treasury Shares)	:	444,785,349
Voting rights (excluding Treasury Shares)	:	On a poll – One vote per share
Treasury Shares	:	14,838,500*
Subsidiary Holdings	:	Nil

* As at 15 March 2019, the Company held 14,838,500 treasury shares which represents 3.34% of the total number of issued shares of the Company (excluding treasury shares).

	Direct		Deemed	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Tiong Seng Shareholdings Pte Ltd[(1)]	271,197,960	60.8	–	–
Peck Tiong Choon (Private) Limited[(2)]	32,261,520	7.2	271,197,960	60.8
Pek Ah Tuan[(3)]	3,604,920	0.8	32,261,520	7.2
Lee It Hoe[(4)]	–	–	286,275,330	64.1

Notes:

(1) 45,800,000 out of 271,197,960 Shares of TSS are registered in the name of Maybank Nominees (Singapore) Private Limited.

(2) Peck Tiong Choon (Private) Limited ("PTC") holds approximately 47.8% of the shares in Tiong Seng Shareholdings Pte Ltd ("TSS") and is therefore deemed interested in the shares held by TSS pursuant to Section 7 of the Companies Act and Section 4 of the Securities and Futures Act ("SFA").

The 32,261,520 Shares of PTC are registered in the name of United Overseas Bank Nominees Pte Ltd.

(3) The estate of Pek Ah Tuan, together with the associates of the late Pek Ah Tuan, collectively hold approximately 33.6% of the shares in PTC and is therefore deemed interested in the shares held by PTC pursuant to Section 7 of the Companies Act and Section 4 of the SFA.

(4) Lee It Hoe is deemed interested in the shares held by his associate, namely, his brother, Lee Yew Sim (762,630 Shares). Lee It Hoe is also deemed interested in the Shares held by him on trust for the estate of his mother, Lim Kim Eng (1,582,350 Shares), and the 12,732,390 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 deemed interested in the shares held by TSS as his associates are collectively entitled to exercise control of approximately 22.7% of the Shares in TSS.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Approximately 26.9% 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 Evergreen Room 4, Jurong Safra 333 Boon Lay Way, Singapore 649848 on Wednesday, 24 April 2019 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.5 cent per ordinary share (one-tier tax exempt) for the year ended 31 December 2018 (2017: 1.5 cent per ordinary share). **(Resolution 2)**

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

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

   Mr Ong Lay Khiam will, upon re-election as a Director of the Company, remain as a chairman of the Audit Committee and members of the Nominating and Remuneration Committees respectively and will be considered as Non-Executive and Independent Director.

4. To approve the payment of Directors' fees amounting to S$300,000/- for the year ending 31 December 2019, to be paid in arrears (2018: S$300,000/-). **(Resolution 5)**

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

6. 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, with or without any modifications:

7. **AUTHORITY TO ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 7)**

8. **AUTHORITY TO ISSUE SHARES UNDER THE TIONG SENG SHARE AWARD SCHEME**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Company's Tiong Seng Share Award Scheme ("**Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

9. **RENEWAL OF THE SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-Back**") and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (the "**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the proposed renewal of the Share Buy-Back Mandate is approved, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in general meeting, after the date of the passing of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a On-Market Share Buy-Back, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to an Off-Market Share Buy-Back, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (iii)] **(Resolution 9)**

10. **RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be entities at risk under Chapter 9 of the Listing Manual of the SGX-ST, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in section 3 of the Appendix to this Notice of Annual General Meeting (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "**IPT Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate
[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Lai Foon Kuen
Company Secretary

Singapore, 9 April 2019

Explanatory Notes on Resolutions to be passed:

(i) Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme and any other share scheme/share plan which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(iii) Ordinary Resolution 9, if passed, will empower the Directors, from the date of the above Meeting until the next Annual General Meeting is held or is required by law to be held, or until it is varied or revoked by the Company in general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to this Notice of Annual General Meeting, the Act and the Listing Manual of the SGX-ST. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

(iv) Ordinary Resolution 10, if passed, renew the general mandate approved by the Shareholders of the Company on 25 April 2018 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual, and which is proposed to be renewed in the manner and on the terms set out in the Appendix. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

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 21 Fan Yoong Road, Singapore 629796 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TIONG SENG HOLDINGS LIMITED
(Incorporated In the Republic of Singapore)
(Co. Reg. No: 200807295Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Date Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

*I/We, ______________________ NRIC/Passport/Company Registration Number ______________

Of ____

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

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Evergreen Room 4, Jurong Safra 333 Boon Lay Way, Singapore 649848 on Wednesday, 24 April 2019 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.

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

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2018		
2.	Payment of proposed first and final dividend		
3.	Re-election of Mr Pay Sim Tee as a Director		
4.	Re-election of Mr Ong Lay Khiam as a Director		
5.	Approval of Directors' fees amounting to S$300,000/- for the year ending 31 December 2019		
6.	Re-appointment of KPMG LLP as Auditors		
7.	Authority to issue new shares		
8.	Authority to issue shares under the Tiong Seng Share Award Scheme		
9.	Renewal of the Share Buy-Back Mandate		
10.	Renewal of the Interested Person Transactions Mandate		

**Delete where inapplicable*

Dated this ______ day of ____________ 2019

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 you hold. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the register of Shareholders of our Company, 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 Shareholders, 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 Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares in the capital of the Company held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the annual general meeting.

3. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Cap. 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to **appoint one (1) or more proxies** to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming annual general meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Fan Yoong Road Singapore 629796 not less than 48 hours before the time appointed for the Meeting.

6. 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.

7. 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.

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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TIONGSENG GROUP 长成控股

TIONG SENG HOLDINGS LIMITED

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

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