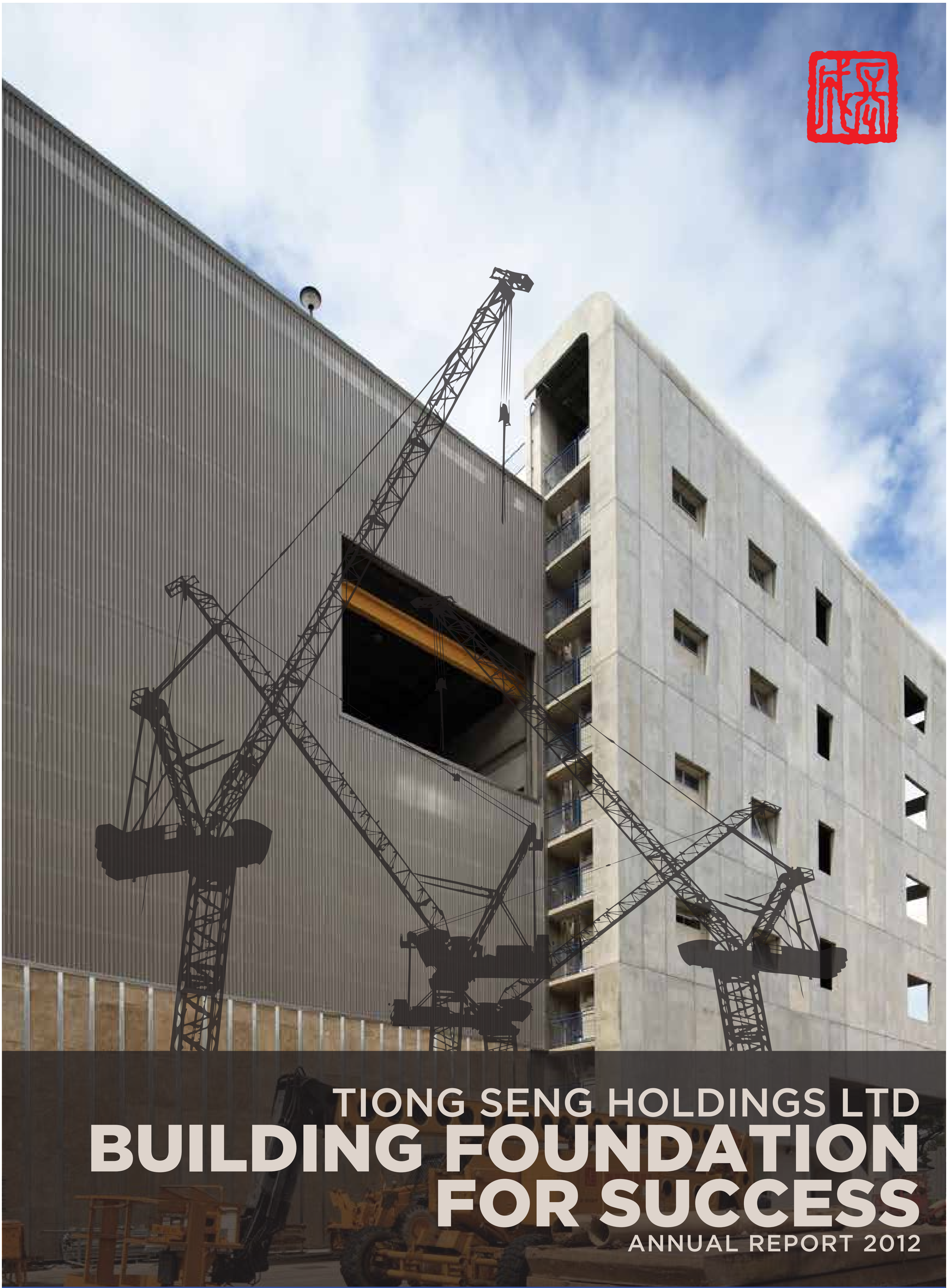


TIONG SENG HOLDINGS LTD

BUILDING FOUNDATION FOR SUCCESS

ANNUAL REPORT 2012

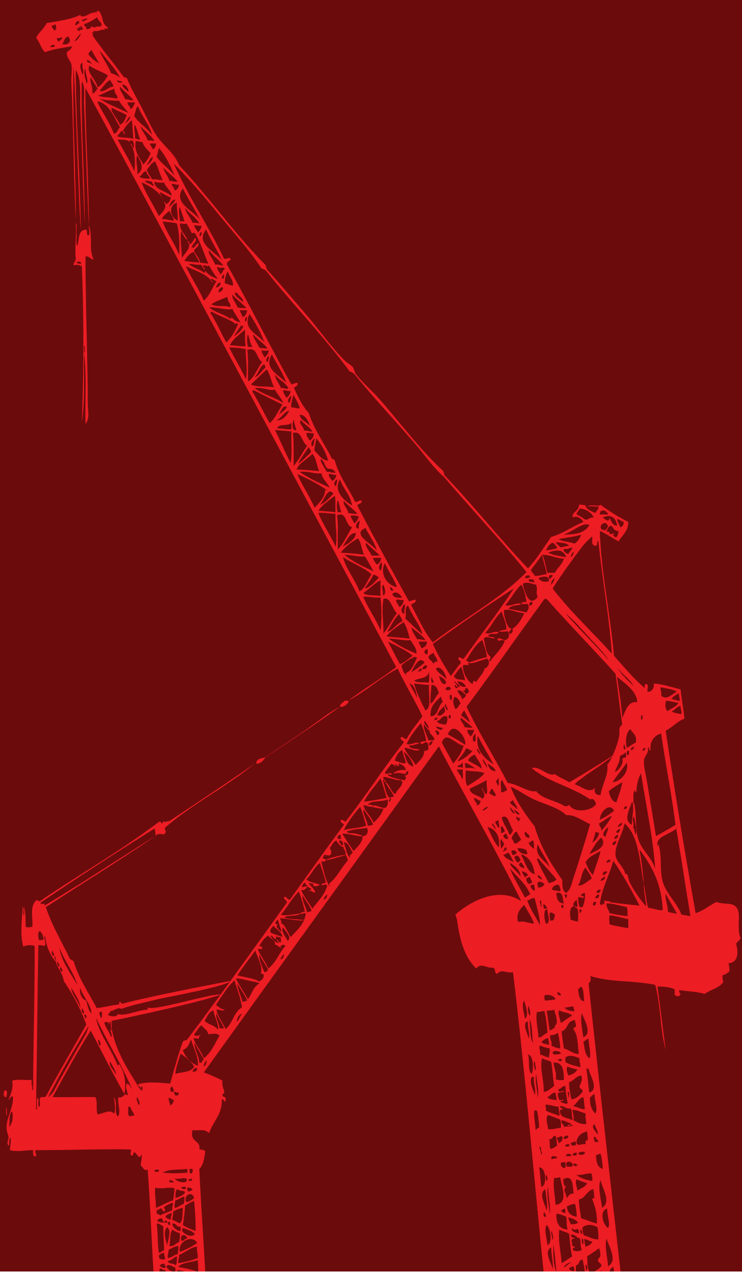
Corporate Profile

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

We pride ourselves on being an early adopter of construction technologies and a forerunner in the drive for capability building, productivity and innovation. Over the years, we have invested in leading edge construction technologies including pre-cast, advanced formwork systems, Building Information Modeling (BIM) and green technology such as Cobiax. With the tightening supply of foreign labour in Singapore, these investments have given us a valuable headstart against our peers and laid the foundation for our success going forward.

Our solid order book of S$1.3 billion (as at 31 December 2012), being one of the largest among listed construction companies in Singapore, is testimony of our building capabilities and excellence in construction.

Our property development business serves as our second engine of growth over the mid-to-long term, supplementing our mainstay construction business. It focuses on developing residential and commercial projects in various second- and third-tier cities in the PRC. We have successfully developed properties in Tianjin, Suzhou and Yangzhou. Currently, we have four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC and one project in Suzhou.



Content

Building the Foundation for Success

Parkroyal on Pickering

Construction - Expanding Capabilities, Capturing Opportunities

A Versatile Builder

Over the years, Tiong Seng has amassed a track record in a wide range of construction projects, including residential, commercial, hotel, foundation, institution and civil engineering. Tiong Seng's wide-ranging capabilities give rise to a diversified mix of projects that provides a buffer against any potential sudden downturn in a particular property sector.

Building the Foundation for Success

An Early Adopter of Construction Technologies

While versatility gives Tiong Seng an edge over its peers, it does not make the Group immune to industry-wide challenges such as rising labour costs and foreign labour restrictions. **Having anticipated these changes in the business environment much earlier, Tiong Seng embarked on a push for productivity and became one of the early adopters of construction technologies to reduce reliance on labour-intensive construction methodologies.**

Tiong Seng Prefab Hub

In May 2012, the Group opened Singapore's first and only automated pre-cast plant in Singapore, the Tiong Seng Prefab Hub. The Hub allows the Group to reduce its reliance on labour, increase productivity and save costs, while enabling Tiong Seng to differentiate itself from competitors by making its own pre-cast components. The S$36 million state-of-the-art facility features an "Integrated Hub Concept", incorporating pre-cast production capabilities, formwork assembly & maintenance, training and research, as well as green and gracious living for its workers all under one roof, spanning 19,000 sqm in gross floor area.

Advanced Formwork

To date, more than S$60 million has been invested in advanced formwork systems. Advanced formwork systems are more cost efficient and faster to erect than conventional formwork. In addition, they cater to better finishing quality, increased productivity as well as greater structural stability.

Green Technology - Cobiax

Cobiax, which removes unnecessary deadweight in concrete slabs, is a proprietary green technology that the Group adopts and promotes in the industry. As Cobiax reduces concrete volume by up to 30% of the slab without modifying flexural strength, building consultants are able to optimise the foundation works of buildings, thus increasing productivity during construction. Another benefit is that the reduction in concrete translates to a reduction in carbon dioxide emissions. As such, Cobiax has increasingly gained acceptance with green builders in Singapore and Europe. Some of the notable projects in Singapore that have adopted the Cobiax technology include the Parkroyal on Pickering, The Wharf Residence, Tree House and Volari.

Machinery and Equipment

Other state-of-the-art construction equipment that the Group invested in during the year include two new Sennebogen cranes, each with a lifting tonnage of 180 and 300 respectively. These new cranes offer high lifting capacity for pre-cast construction, while being able to cover a large working area, thus providing greater flexibility for the project teams.

Building Information Modeling (BIM)

Beyond investment in hardware, the Group has collaborated with RIB Software AGA to integrate 4D and 5D perspectives into the current BIM via the iTWO software. Upon successful integration, Tiong Seng will be the first company in Singapore to adopt the full suite of iTWO software. This serves to streamline the Group's processes for greater operational efficiency and cost effectiveness.

NUS Kent Vale Staff Housing

As at 31 December 2012, Tiong Seng's order book remains strong at S$1.3 billion, and is expected to be fulfilled over the next 12 to 30 months. S$542 million worth of new projects was secured during the year.

These are some of the major projects that Tiong Seng has completed in 2012:

- Parkroyal on Pickering
  - Client: Hotel Plaza Property (A company under the UOL Group)
- Volari
  - Client: City Developments Limited
- The Wharf Residence
  - Client: Leonie Court Pte Ltd (A company under CapitaLand Limited)
- NUS Kent Vale Staff Housing
  - Client: National University of Singapore

Volari

On-going projects include:

Residential

- Tree House
  - Client: Chestnut Avenue Developments Pte Ltd (Joint Venture between City Developments Limited and Hong Realty Pte Ltd)
- The Glyndebourne
  - Client: Millennium & Corpthorne Hotels PLC (A company under City Developments Limited)
- Waterway Terraces I and II
  - Client: Housing Development Board
- HAUS@Serangoon Gardens
  - Client: City Developments Limited
- Hundred Trees
  - Client: Grande-Terre Properties Pte Ltd (A company under City Developments Limited)
- The Luxurie
  - Client: Keppel Land Realty Pte Ltd
- Archipelago
  - Client: United Venture Development (Joint Venture between UOL Group and Singapore Land Limited)

Hospital

- Connexion[1]
  - Client: Singapore HealthPartners Pte Ltd

Industrial

- Joo Koon Integrated Transport Hub & Fairprice Distribution Centre
  - Client: NTUC Fairprice Co-operative Ltd

Institution

- SIM HQ Campus Extension
  - Client: Singapore Institute of Management

Commercial

- Mediapolis@One North[2]
  - Client: Mediacorp Pte Ltd

Civil Engineering

- Design & construction of stations and tunnels for Stage 2 of Downtown Line[3]
  - Client: Land Transport Authority
- Upgrading and sealing of roads in Papua New Guinea
  - Awarded by Independent State of Papua New Guinea, funded by Asian Development Bank

1 Joint Venture with Samsung C&T, Tiong Seng: 45%
2 Joint Venture with Kajima Overseas Asia, Tiong Seng: 20%
3 Joint Venture with GS Engineering & Construction, Tiong Seng: 30%

Building the Foundation for Success

In 2012, Tiong Seng won several awards for delivering high quality projects and ensuring workplace safety and innovation.

9 RoSPA Occupational Health & Safety Awards
NUS Kent Vale Staff Housing, Tree House, The Glyndebourne, Tiong Seng Prefab Hub, Volari, Parkroyal on Pickering, Waterway Terraces I, The Wharf Residence, Hundred Trees

3 BCA Construction Excellence Awards
Tribeca, Wilkie Studio and Marina Boulevard Financial Centre Commercial Phase 1

2 BCA Construction Productivity Awards
Wilkie Studio and Shelford Suites

1 SCAL Workplace Safety & Health Innovation Award
NUS Kent Vale Staff Housing

Notably, the Group also received the **Singapore Quality Class (SQC) Star** (an upgrade from the previous SQC) & **Innovation Class**, accredited by Spring Singapore, for business excellence.

RoSPA 20 12 GOLD Award

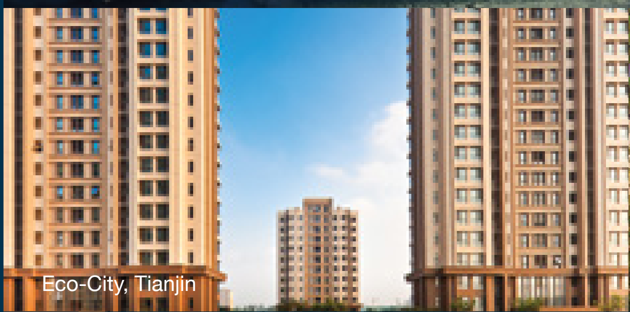
SINGAPORE QUALITY CLASS STAR

SINGAPORE INNOVATION CLASS

The Wharf Residence

Property Development – Fueling the Second Phase of Growth


Xushuguan Residential Development, Suzhou


Eco-City, Tianjin


The Equinox, Tianjin

Focused on second- and third-tier cities in China, Tiong Seng's property development business seeks to capitalise on the growth opportunities presented by the strong pace of economic development and inflow of foreign investment. This is in line with the 18th Communist Party of China National Congress' urbanisation strategy, which highlights that **the greatest potential for real estate will mainly come from China's second-tier cities[4].**

While the PRC government's long-term view is such, the property market's dynamic growth has raised concerns of overheating. In response, the PRC government has announced another set of cooling measures - the National Five Measures, which seeks to further tighten the sector.

Tiong Seng believes, however, that fundamental demand for housing in China remains strong, as demonstrated by the housing market's resilience to previous rounds of tightening and economic downturns[5]. In addition, growth in the long term is supported by the country's rising incomes and sustained urbanisation. Real estate and construction-related companies such as Tiong Seng are well poised to benefit.

Tiong Seng is involved in four on-going projects in the Bohai Economic Rim, one of the main economic zones of the PRC, as well as a project in Suzhou.

- Eco-City, Tianjin
  Residential: 101,200 sqm
- Sunny International, Cangzhou
  Mixed: Residential 131,900 sqm and Commercial 18,000 sqm
- The Equinox, Dagang, Guangang Forest Park, Tianjin
  Residential (comprising landed and low rise properties): 162,000 sqm
- Zizhulin,Tianjin
  Commercial: 12,000 sqm
- Xushuguan Residential Development, Suzhou
  Residential (comprising terrace houses and apartments): 87,220 sqm

The Group sees its property development business in China as its second growth engine. To stay ahead of the curve, Tiong Seng develops unique projects that cater to the discerning homebuyers. The Group also seeks to grow its land bank by keeping a lookout for quality sites.

4 "Cover Story: Upside potential for China's Tier 2 cities", New Straits Times, 18 Jan 2013.
5 "Property market so far so good", Chinadaily.com, 28 Feb 2013.

Letter to Shareholders

Dear Shareholders

In 2012, the construction sector showed signs of recovery as growth picked up from 6.3% to 8.2%, a result of an expansion in public and private building activities. This was despite an overall decline in growth of the Singapore economy, which slowed from 5.2% to 1.3%[1].

Benefitting from the heightened level of construction activity, we secured S$542 million worth of new orders during the year, across a spectrum of sectors, including residential, institutional and retail. The projects were Joo Koon Integrated Transport Hub & Fairprice Distribution Centre, SIM HQ Campus Extension, HAUS@Serangoon Gardens and Mediapolis@One North. Construction has commenced and is on track for all our projects. Our order book remains solid at S$1.3 billion as at 31 December 2012.

Besides winning new contracts, we successfully delivered four projects last year. One particular project that we are proud of is Volari, which obtained a CONQUAS score of 95.6 out of 100, and is ranked 7th nationally among all private residential projects built[2].

Another distinctive project is the Parkroyal on Pickering, an iconic work of architecture that boasts a hotel-in-a-garden concept. Our challenge was to provide inputs for structural buildability without compromising on its avant garde design. This required us to harness the respective strengths of our various teams. Indeed, we achieved several breakthroughs – for instance, we adopted the use of pre-cast technology to create the hotel's wavy façade, an accomplishment given the structure's technical complexity; we used Cobiax technology[3] to lower the usage of concrete and the weight of the building structure; and for the first time, we casted a 18 metre-high column in one operation using our advanced formwork system. These breakthroughs have allowed us to save time and costs while creating a safer environment for our workers. More importantly, they are a testament to our building capabilities and versatility as a leader in construction innovation and technologies.

During the year, the construction industry was faced with industry-wide challenges such as rising labour costs and restrictions on foreign labour. However, our early adoption of pre-cast and construction technologies put us in good stead to address these challenges. An important milestone for us was the official opening of Singapore's first and only automated pre-cast plant in Singapore - Tiong Seng Prefab Hub. Equipped with the ability to design and produce pre-cast components, we are able to reduce our dependence on labour by about 50-70%.

Likewise, our investment in Cobiax has yielded results. Cobiax has increasingly gained acceptance in both Singapore and Europe. Our sales increased by 17% to S$10.3 million during the year.

Our team's efforts in the pursuit of business excellence did not go unnoticed. Last year, we were awarded the prestigious Singapore Quality Class (SQC) Star and Innovation Class for the first time, after having been awarded the SQC since 2002. Other awards we won during the year include three BCA Construction Excellence Awards, two BCA Construction Productivity Awards, a SCAL WSH Innovation Award, and nine RoSPA Occupational Health & Safety Awards.

L: **Pek Ah Tuan** Non-Executive Chairman
R: **Pek Lian Guan** Executive Director & CEO

1 Ministry of Trade and Industry Press Release, 22 Feb 2013
2 CONQUAS is a Building and Construction Authority (BCA) benchmark that assesses the quality of workmanship in construction, and our outstanding score exemplifies our dedication and commitment towards quality construction
3 A technology which lowers the amount of concrete in a slab by up to 30% and makes for more environmentally friendly construction.

We are confident that we will be able to capture the growth opportunities in the construction industry, which arise from a step-up in infrastructure spending and greater demand for homes. Our capabilities in pre-cast and construction technologies will set us apart, and enable us to deliver high quality projects at competitive costs.

Financial Highlights

For the full year ended 31 December 2012 (FY2012), we achieved a 23% year-on-year (yoy) rise in revenue to S$511.4 million. The increase in revenue was largely attributable to higher revenue from construction contracts, which was partially offset by a decline in revenue from sales of development properties.

Revenue from construction contracts, the Group's largest revenue contributor, jumped 42% yoy to S$496.4 million as a result of an increase in work done for on-going projects. In accordance to the Group's revenue recognition policy, approximately S$22.8 million of work done for newly commenced projects in Singapore has yet to be recognised in FY2012.

On the development properties front, revenue from sales of property development in FY2012 fell 94% yoy to S$3.4 million. As at 31 December 2012, 1 unit of Tianmen Jinwan Building, 275 units of Sunny International Project and 4 units of Wenchang Broadway in Yangzhou have been fully sold but yet to be recognised as revenue in accordance to our revenue recognition policy.

Net profit attributable to equity holders (net profit) declined slightly by 5% yoy to S$25.7 million as the higher profit from the Group's construction projects was offset by the decline in other income and share of profit from joint venture projects.

Adjusting for other income in for the full year ended 31 December 2011 (FY2011) and FY2012, the Group's normalised net profit attributable to equity holders would have been $17.9 million in FY2011 versus S$22.2 million in FY2012.

We maintain a stable cash position. As at 31 December 2012, our cash and cash equivalents stood at S$66.4 million. In particular, the Group's operating activities gave rise to a net cash inflow of approximately S$19.3 million, which was an improvement of S$142.3 million as compared to the preceding year.

On a full-year basis, the Group achieved earnings per share of 3.36 Singapore cents and net asset value per share of 28.90 Singapore cents.

Tiong Seng Prefab Hub

Letters to Shareholders

Capturing Growth Opportunities

Foundations laid, we are well-positioned to capture the growth opportunities in both construction and property development.

In January 2013, the Singapore Government released its Population White Paper, which projects Singapore's population to grow from 5.3 million to 6.9 million by 2030. To accommodate the larger population, the Government plans to increase the supply of land for housing and infrastructure[4].

In line with the White Paper's forecasts, the Building Construction Authority (BCA) expects construction demand to range between S$26 billion and S$32 billion for 2013, anchored by public sector projects amounting to S$14 billion to S$17 billion. For 2014 and 2015, demand is projected to range between S$20 billion and S$28 billion per annum[5].

Riding the Infrastructure Boom
Riding on this demand, we will actively tender for building jobs across various sectors, while keeping a keen eye on infrastructure projects including MRT and road projects.

While we expect to benefit from the uptick in demand, we will also continue to focus on cushioning the impact of three industry-wide challenges – a shortage of skilled manpower, stagnant productivity growth, and rising costs – by being a forerunner in the use of construction technologies. While the government's curb on foreign workers and call for productivity growth may inevitably pose short-term challenges for contractors, we believe that our on-going drive for capability building, productivity and innovation gives us an edge in the longer term.

Expanding Our Pre-cast Capabilities
This year, our Malaysia subsidiary, Robin Village Sdn Bhd, will commence its pre-cast operations towards the second half of 2013. With the boost from this subsidiary, our increased pre-cast capacity will allow us to better meet both our internal needs and external demand for pre-cast building products.

China Property Development for Mid-to-long Term Growth
On the property development front, our focus continues to be on exploiting opportunities in second and third tier cities in the PRC, and in strengthening our presence in the Bohai Economic Rim and Jiangsu Province.

From a near-term perspective, the Chinese government's continued push to curb speculative demand in the property market is expected to keep sales volumes at a moderate level. Nonetheless, fundamental demand remains strong, as evidenced by the housing market's resilience to previous rounds of cooling measures and economic downturns[6].

Rising incomes and sustained urbanisation also support the underlying strength of the PRC property market. In key cities, nominal growth in disposable income per capita remains high vis-a-vis growth in property prices. China's rate of urbanisation is expected to grow by 1% every year over the next 20 years. Forecasts show that every new urban resident brings in at least 100,000 yuan in investment, with real estate and construction-related sectors poised to benefit from such investment. This represents an enormous demand to tap on[7].

To capture the growth opportunities in the mid-to-long term, we seek to differentiate ourselves by developing niche projects for the discerning homebuyers. For example, The Equinox, our low density residential project in Dagang, Tianjin, is a stone's throw away from the city's Yujiapu financial district[8]. Homebuyers will be able to enjoy the serenity and comfort of the development, coupled with the convenience of being close to the bustling financial district.

We will continue to identify opportunities in the real estate market in China. We are optimistic that property development will serve as our second engine of growth over the mid-to-long term, supplementing our mainstay construction business.

Appreciation

In closing, we would like to show our appreciation to our joint venture partners, business associates, customers, staff, as well as the fellow directors on the Board for their continued dedication and support.

We would also like to thank our shareholders for their vote of confidence in us. As such, we are pleased to recommend a first and final cash dividend of S$0.01 per ordinary share for FY2012.

We look forward to maintaining our success in the year to come.

Pek Ah Tuan
Non-Executive Chairman

Pek Lian Guan
Executive Director & CEO

4 Population White Paper, National Population and Talent Division, Jan 2013
5 "Public sector projects to boost construction demand in 2013", Building and Construction Authority, 16 Jan 2013
6 "Property market so far so good", Chinadaily.com, 28 Feb 2013
7 "The dangers of China's urbanization drive", WantChinaTimes.com, 15 Jan 2013
8 Nicknamed China's new Manhattan, the district commands great attention and is set to become China's new economic growth engine. Source: "Great Investment Potential of Yujiapu Financial District Displayed at 2012 MIPIM Asia", PRnewswire.com, 8 Nov 2012

Board of Directors

Armed with years of experience in the construction and property development industry, our management team possesses a wealth of experience and technical know-how.

Mr Pek Ah Tuan
Non-Executive Chairman

Mr Pek Ah Tuan is one of the founders of our Group, and has approximately 50 years of experience in major earthwork, road and bridge construction, civil engineering and building work, and property development and entrepreneurial activities in Singapore, the PRC, Socialist Republic of Vietnam and Laos. He played a vital role in charting the corporate direction of our Group. By spearheading the push to venture into various overseas markets such as Laos, Papua New Guinea and the PRC in the earlier years, he helped to establish a foothold for our Group in the overseas markets on which we subsequently expanded. As one of the founders of our Group, Mr Pek has contributed significantly to the early stages of our Group's development. Mr Pek was appointed to our board of Directors on 24 February 2010 and was last re-elected on 27 April 2012.

Mr Pek Lian Guan
Executive Director and Chief Executive Officer

Mr Pek Lian Guan started his career at Tiong Seng Contractors upon his graduation, with a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom, in 1989. In 1993, he was appointed as the Director of Tiong Seng Contractors and soon became the Deputy Managing Director in 1997. Mr Pek has over 20 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the region. Under his guidance, Tiong Seng has come to champion the use of advanced construction technologies and green practices across its businesses for better productivity and efficiency. Mr Pek currently advises as a member of various productivity and green councils in Singapore, and is actively involved in related initiatives towards the improvement of these standards. Mr Pek was appointed to our board of Directors on 15 April 2008 and was last re-elected on 27 April 2012.

Mr Pay Sim Tee
Executive Director

Mr Pay Sim Tee first started his career in the construction industry at Tiong Seng Contractors in 1977. In 1989, he became a Director of Tiong Seng Contractors and is primarily in charge of our road construction projects in PNG. Mr Pay has more than 30 years of experience in earthwork, road and bridge construction, civil engineering and building work in Singapore, the PRC, Socialist Republic of Vietnam, PNG and Laos. He is also in charge of property development and human resource in Tiong Seng Holdings Limited. Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1980. Mr Pay was appointed to our board of Directors on 24 February 2010 and was last re-elected on 27 April 2011.

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, his business acumen is expected to be an asset to our Group. Mr Lee was appointed to the Board on 24 February 2010. He holds a Diploma in Building Construction from Singapore Polytechnic in 1968. Mr Lee was appointed to our board of Directors on 24 February 2010 and was last re-elected on 27 April 2012.

Board of Directors

Mr Ong Lay Khiam
Lead Independent Director

Mr Ong Lay Khiam has worked in the banking and finance industry in Singapore since 1971, principally as a commercial banker. Mr Ong has held various positions in local financial institutions during his long career, including the positions of Vice President, National Banking Group, DBS Bank; Director and Executive Vice President, Tat Lee Bank; General Manager, Corporate Banking, Keppel TatLee Bank and Executive Vice President, Hong Leong Finance. After retiring from Hong Leong Finance in June 2007, he joined Nanyang Technological University as the inaugural Executive Director, Lien Ying Chow Legacy Fellowship but left the post in September 2008 to resume his banking career at UBS AG, Wealth Management. He is currently an Executive Director of UBS AG, Wealth Management. He was also an Adjunct Associate Professor attached to the Nanyang Technoprenuership Centre of the University from July 2007 to June 2009. Mr Ong has served 12 years as a Council Member of the Singapore Chinese Chamber of Commerce and Industry (1987 - 1999) and is currently an Honourary Council member of the Chamber. From 1991 to 1999, he was a member of the Nanyang Technological University Council. He was conferred the Friend of Labour award by the National Trade Union Congress (NTUC) on 1 May 1990.

Mr Ong graduated with First Class Honours in Accountancy from Nanyang University in 1971. He also holds a Master's degree in Accounting and Finance from the London School of Economics and Political Science, University of London (1974) and is a member of the Institute of Certified Public Accountants of Singapore. Mr Ong was appointed to our board of Directors on 24 February 2010 and was last re-elected on 27 April 2011.

Mr Ang Peng Koon, Patrick
Independent Director

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

Over the years, Mr Ang has been consistently recognised internationally, in Asia and in Singapore as a leading lawyer in his field in consecutive years by Asian Legal Business Legal Who's Who Singapore, AsiaLaw Leading Lawyers, Asia Law & Practice, Asialaw Profiles, International Who's Who of Insolvency and Restructuring Lawyers, Euromoney Guide To The World's Leading Insolvency and Restructuring Lawyers, International Financial Law Review 1000, Asia Pacific Legal 500 and Chambers Global - The World's Leading Lawyers. Currently, he is a member of the Singapore Ministry of Law Working Committee dealing with legislative reform in Singapore in relation to corporate insolvency and personal bankruptcy law and a Life Fellow and director of the Insolvency Practitioners Association of Singapore. In addition, he is also a lecturer in Civil Procedure at the Postgraduate Practice Law Course and a regular speaker at conferences/seminars, and an Exco Member on the Employer Alliance. He is also an independent director of Malacca Trust Limited, an Indonesia-based financial services group listed on Catalist of the Singapore Exchange and an independent director of Singapore Deposit Insurance Corporation Limited (a statutory company accountable to the Monetary Authority of Singapore).

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

Senior Management

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

Mr Pay Teow Heng
Project Director
Mr Pay Teow Heng has 20 years of experience in administration, coordination and managing of building construction and civil engineering projects in Singapore. He manages the tender process for projects, and oversees various types of construction projects that Tiong Seng Contractors undertakes in Singapore, from civil engineering to the construction of buildings. He first joined Tiong Seng Contractors as a project engineer in 1992 and was subsequently promoted to project manager in 1993, and to director in 1998. Mr Pay is currently a council member of Singapore Contractors Association Limited (SCAL) and sits as a board of director for its subsidy SC2. He holds a Bachelor of Civil Engineering (Hons) from Loughborough University of Technology, United Kingdom.

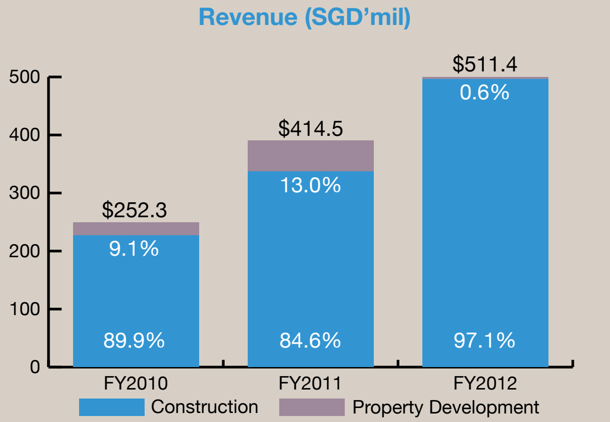
Mr Andrew Khng
Head of Administration
Mr Andrew Khng is in charge of general corporate and Workplace Safety & Health matters for our Group and has been with the company since 1981. Mr Khng's years of experience spans across administration to site management and to coordination and managing of civil engineering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

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

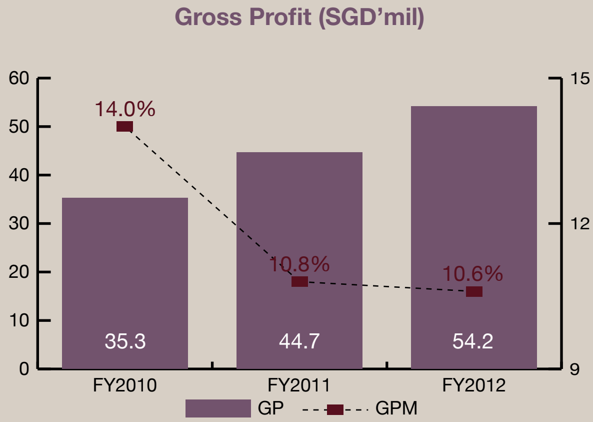
Mr Ong Chun Tiong
General Manager, Tianjin, PRC
Mr Ong Chun Tiong has been overseeing our subsidiaries in Tianjin, PRC, since 2004. He joined us in 1998 as an Information Systems and Business Process Manager, and was responsible for our Group's expansion into new markets in the construction industry.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

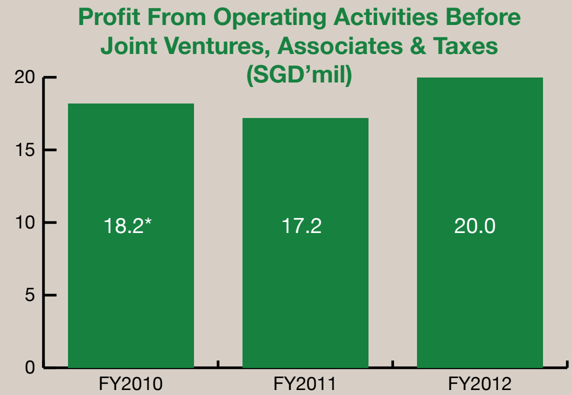
Mr Bao Jian Feng
General Manager, Jiangsu, PRC
Mr Bao Jian Feng has been the General Manager of our Group for our subsidiaries in the Jiangsu Province, PRC, since 1996 and is mainly in charge of Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. Prior to joining Tiong Seng Contractors, Mr Bao was the deputy general manager of Suzhou Yunsheng Construction Development Co., Ltd (苏州运盛建设发展有限公司) from 1994 to 1996, during which he was in charge of the general affairs of the company. Mr Bao graduated from the Suzhou Economic Management Institute (苏州经济管理干部学院) in July 1989 with a Diploma in Economic Management.

Financial Highlights

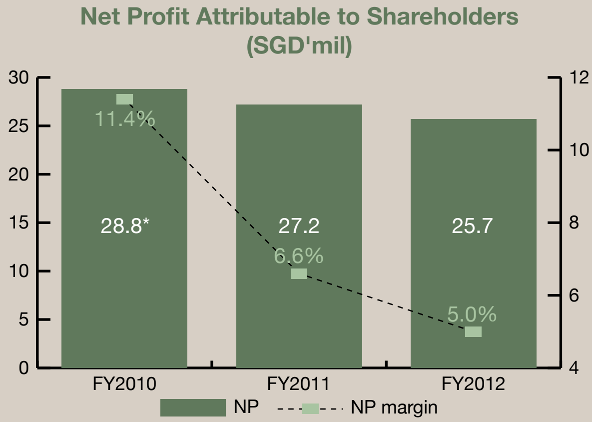


* The percentages do not add up to 100% as Rental Income and Sales of Goods are not included. These segments contribute a small percentage of the total revenue.

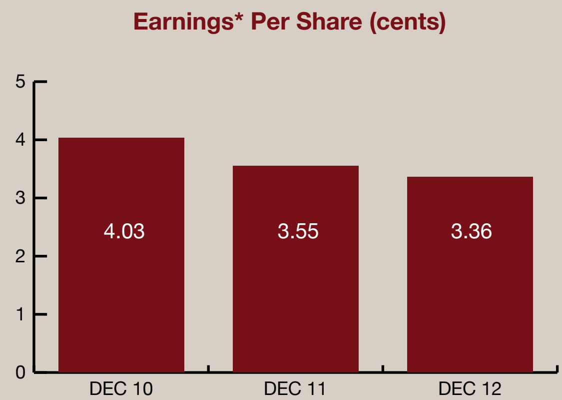




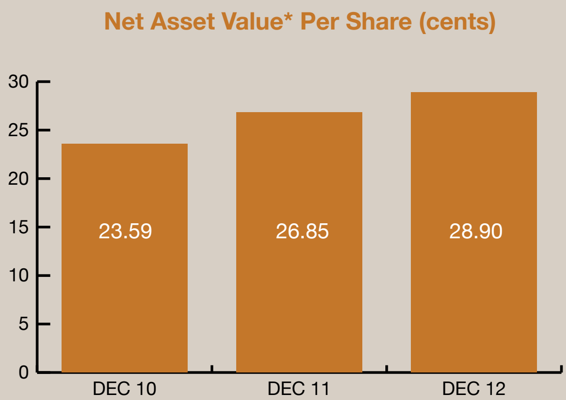
* Included S$9.5 million of goodwill recorded in FY 2010.



* Included S$9.5 million of goodwill recorded in FY 2010.



* Excluding non-controlling interests.



* Excluding non-controlling interests.

Strong Order Book - S$1.3 Billion

As at 31 Dec 2012, the order book of our construction contracts segment amounted to approximately S$1.3 billion, of which, S$542 million worth of projects were secured in 2012.

The majority of these projects are expected to be fulfilled over the next 12 to 30 months.

Accreditations & Awards

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

SAFETY
RoSPA Occupational Health and Safety Award - 2011 and 2012
• Won 7 awards in 2011 and 9 Gold awards in 2012
Awarded by Royal Society for the Prevention of Accidents (UK)

RoSPA Occupational Health and Safety Award - (Sector Winner for Housebuilding and Property Development) in 2010 and 2011
Awarded by Royal Society for the Prevention of Accidents (UK)

SCAL Award - Gold in 2012
Awarded by Singapore Contractors Association Limited

WSH Safety and Health Award - 2010 and 2012
Awarded by Workplace Safety and Health Council

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

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

Environmental Health and Safety Excellence Award - 2011
Awarded by City Developments Limited

QUALITY
BCA Construction Excellence Award - 2009, 2010 and 2012
• Won 3 awards in 2012
Awarded by Building & Construction Authority of Singapore

BUSINESS EXCELLENCE
Singapore Quality Class Star Award - 2012
Awarded by Spring Singapore

Singapore Quality Class Innovation Class (I-Class) Award - 2012
Awarded by Spring Singapore

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

ENVIRONMENTAL SUSTAINABILITY
I-Care Awards - 2012
Awarded by CapitaLand Limited

BCA Green Mark Award - 2011 and 2012
• Won 2 awards in 2012
Awarded by Building & Construction Authority of Singapore

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

INNOVATION
WSH Innovation Award - 2011
Awarded by the Ministry of Manpower

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

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

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

PRODUCTIVITY
Construction Productivity Award - 2012
• 2 Platinum Awards
Awarded by Building & Construction Authority of Singapore

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

CDL Productivity Excellence Award - 2011
Awarded by City Developments Limited

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

Corporate Information

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

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

Company Secretaries
Ms Hazel Chia Luang Chew
Ms Juliana Tan Beng Hwee

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

Audit Committee
CHAIRMAN
Mr Ong Lay Khiam

MEMBERS
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick

Nominating Committee
CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Pek Lian Guan
Mr Ong Lay Khiam

Remuneration Committee
CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Lee It Hoe
Mr Ong Lay Khiam

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

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

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

Corporate Governance

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

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

The Board and Management have taken steps to align the governance framework with the recommendations of the Code as revised by the Monetary Authority of Singapore on 2 May 2012 (the "2012 Code") and is applicable to the Company with effect from the financial year commencing 1 January 2013.

(A) Board Matters

Principle 1: Board's Conduct of its Affairs

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

The function of the Board includes:

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

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

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

(iv) evaluating the adequacy of internal controls addressing financial, operational and compliance risks;

(v) approving the performance and compensation of key executives;

(vi) approving nominations and appointments of Board members and key executives; and

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

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

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

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

Corporate Governance

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. As part of their continuing education, the Directors, whether as a group or individually, may attend relevant external courses and seminars to keep themselves apprised and updated on the latest corporate, regulatory, legal and other requirements, at the Company's expenses.

Details of number of meetings of the Board and Board Committees held in the financial year ended 31 December 2012 ("FY2012"), as well as the Directors' attendance at these meetings are summarized in the table below:

Name of Directors	Board Meetings	Audit Committee Meetings	Nominating Committee Meeting	Remuneration Committee Meetings
	Attendance/Number of meetings held			
Pek Ah Tuan	3/4	-	-	-
Pek Lian Guan	4/4	-	1/1	-
Pay Sim Tee	4/4	-	-	-
Lee It Hoe	3/4	3/4	-	2/2
Ong Lay Khiam	4/4	4/4	1/1	2/2
Ang Peng Koon, Patrick	4/4	4/4	1/1	2/2

Principle 2: Board Composition and Balance

The Board comprises six Directors, one-third of whom is independent, as follows:

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

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

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

Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or, decisions, they will bring independent judgement 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 2012 Code's definition of an independent director and guidelines as to relationships which would deem a director not to be independent.

Corporate Governance

Principle 3: Chairman and Chief Executive Officer (“CEO”)

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

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

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

Principle 4: Board Membership

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

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

The NC is regulated by a set of written terms of reference. The terms of reference of the NC had been amended to be in line with the recommendations of the 2012 Code.

The principal functions of the NC are as follows:

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

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

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

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

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

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

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

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

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

In accordance with the Company’s Articles of Association, each Director retires at least once every three years by rotation and all newly appointed Directors retire at the next Annual General Meeting ("AGM") immediately following their appointments.

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, time and effort accorded to the Group's business and affairs).

The NC has recommended the nomination of Mr Ang Peng Koon, Patrick and Mr Pay Sim Tee for re-election as Directors at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Ang Peng Koon, Patrick and Mr Pay Sim Tee, will be offering themselves for re-election at the forthcoming AGM.

Mr Pek Ah Tuan and Mr Lee It Hoe, who are over the age of 70 years, will retire at the forthcoming AGM. The NC has recommended the nomination of Mr Pek Ah Tuan and Mr Lee It Hoe for re-appointment under Section 153(6) of the Companies Act., Cap. 50. The Board has accepted this recommendation and being eligible, Mr Pek Ah Tuan and Mr Lee It Hoe, will be offering themselves for re-appointment at the forthcoming AGM.

Principle 5: Board Performance

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

Principle 6: Access to Information

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

Board papers are prepared for each Board meeting and are circulated to the Directors before the meeting. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

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

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

(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:

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

The RC is regulated by a set of written terms of reference. The terms of reference of the RC had been amended to be in line with the recommendations of the 2012 Code.

The principal functions of the RC are as follows:

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

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

3. to review Directors' fees and recommend for shareholders' approval at the AGM.

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

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

Principle 8: Level and Mix of Remuneration

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

The RC also reviews all matters concerning the remuneration of the Non-Executive Directors and Independent Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Directors. The Directors' fees are payable to all the Directors except for the CEO/Executive Director.

The RC had recommended to the Board an amount of S$530,000 as Directors' fee for the financial year ending 31 December 2013, to be paid in arrears. 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, has been renewed for a further 3-year period commencing 05 April 2013. The service agreement may be terminated with 6 months' notice in writing served by either party.

No Director is involved in deciding his own remuneration.

Corporate Governance

Principle 9: Disclosure on Remuneration

The annual remuneration level and mix of each individual Director for FY2012 is set out as follows:

	Remuneration Band	Salary	Bonus, AWS and Profit Sharing	Other Benefits	Director's Fees	Total
	S$	%	%	%	%	%
Executive Directors						
Pek Lian Guan	more than 500,000	20%	79%	1%	0%	100%
Pay Sim Tee	250,001-500,000	77%	20%	3%	0%	100%
Non Executive Directors						
Pek Ah Tuan	250,001-500,000	0%	0%	4%	96%	100%
Lee It Hoe	0-250,000	0%	0%	0%	100%	100%
Ong Lay Khiam	0-250,000	0%	0%	0%	100%	100%
Ang Peng Koon, Patrick	0-250,000	0%	0%	0%	100%	100%

The remuneration of the top 5 key executives (who are not Directors or the CEO) is not disclosed as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of individual executive is disadvantageous to its business interest, given the highly competitive industry conditions.

None of the employees of the Group, who are immediate family members of a Director or the CEO, had remuneration which exceeded S$150,000 during the financial year under review.

No awards were granted under the Tiong Seng Share Award Scheme in FY2012.

(C) Accountability and Audit

Principle 10: Accountability

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

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

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

Principle 11: Audit Committee

The Audit Committee ("AC") comprises three members, a majority of whom including the Chairman, are Independent Directors:

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

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

The Board believes that the AC members are appropriately qualified to discharge their duties and responsibilities.

The AC is regulated by a set of written terms of reference. The terms of reference of the AC had been amended to be in line with the recommendations of the 2012 Code.

The principal functions of the AC 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 their letter to management and the management's response thereto;

2. to review the quarterly and full year financial statements of the Company and Group before submission to the Board for approval;

3. to 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 full year audits;

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

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

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

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

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

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

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

The AC has full access to and co-operation of Management. The AC also has full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

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

The accounts of the Company, subsidiaries and significant associated companies are audited by KPMG LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, and overseas member firms of

KPMG. The Company has complied with the Rules 712 and 715 of the Listing Manual of the SGX-ST. For significant foreign incorporated subsidiaries or associated companies not audited by KPMG LLP, the AC and Board are satisfied that Rule 716 of the Listing Manual of the SGX-ST has been complied with.

The AC had reviewed and is satisfied that the non-audit services provided by the auditors in FY2012 did not affect the independence or, objectivity of the external auditors. The amount of non-audit fees paid and payable to the external auditors in respect of FY2012 was $78,000. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as auditors at the forthcoming AGM.

The detail of the remuneration of the auditors of the Company during FY2012 are as follows:

	2012 $'000	2011 $'000
Auditor's remuneration paid/payable to:		
– Auditor of the Company	371	371
– Other Auditors	89	42

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

Principle 12: Internal Controls

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

PricewaterhouseCoopers LLP ("PwC") had ceased as the Company's Governance Advisor after completing its 2-year tenure. The Board is of the view that there is no need for the Company to continue with the appointment of a Governance Advisor.

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

The Company with the assistance of PwC had, in FY2012, carried out an exercise to review and establish a Risk Management framework to identify key risks facing the Group and the internal controls in place to manage those risks. Action plans to manage the risks are continually being monitored and refined by Management and the Board.

Based on the Group's current internal control system and risk management framework and the reviews conducted by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that there are adequate internal controls in place within the Group addressing material financial, operational and compliance risks in its current business environment.

Principle 13: Internal Audit

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

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

The AC is satisfied that the internal auditor has the necessary resources to adequately perform its function. 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) Communication with Shareholders

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

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

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

Dealings in Securities

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

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

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

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

Interested Person Transactions

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

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

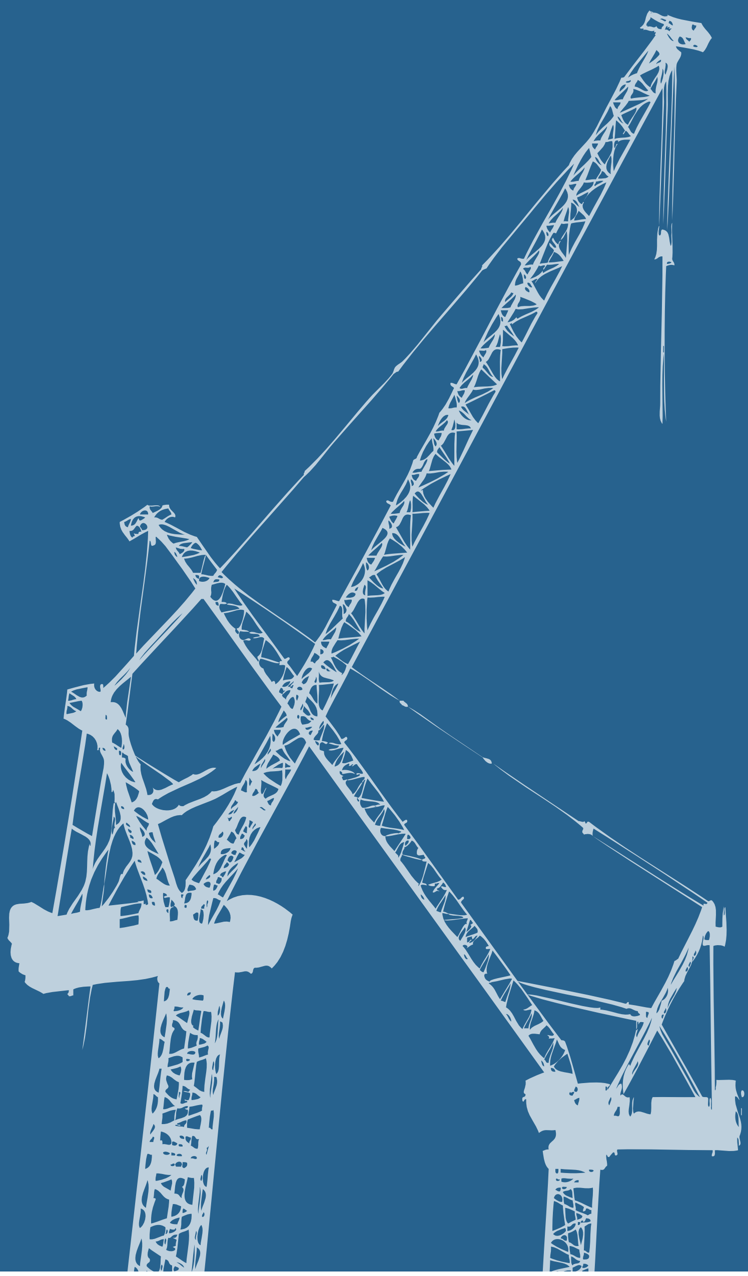
Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Peck Tiong Choon (Private) Limited	S$994,000	-
Peck Tiong Choon Transport (Pte) Ltd	S$6,676,000	-

Risk Management

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

Material Contracts

Save for the Service Agreement entered into 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 the financial year ended 31 December 2012.



Financial Contents

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

Directors

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

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

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Pek Ah Tuan		
Tiong Seng Shareholdings Pte. Ltd.		
- ordinary shares		
- interests held	10,924	10,924
- deemed interests	95,944	95,944
The Company		
- ordinary shares		
- interests held	6,008,200	6,008,200
- deemed interests	53,769,200	53,769,200
Pek Lian Guan		
The Company		
- ordinary shares		
- deemed interests	1,500,000	2,000,000
Ong Lay Khiam		
The Company		
- ordinary shares		
- interests held	530,000	530,000

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

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2013.

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

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

Share options

During the financial year, there were:

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

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

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

Directors' Report

Share award scheme

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

Audit Committee

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

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

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

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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

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

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

Directors' Report

Auditors

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

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

25 March 2013

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 33 to 108 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

25 March 2013

Independent Auditors' Report

Members of the Company
Tiong Seng Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Tiong Seng Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 108.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Independent Auditors' Report

Members of the Company
Tiong Seng Holdings Limited

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
25 March 2013

Statement of Financial Position

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	4	84,376	51,335	–	–
Intangible assets	5	7,146	7,593	–	–
Investment properties	6	18,021	20,231	–	–
Investment in subsidiaries	7	–	–	59,624	59,624
Associates and joint ventures	8	35,093	15,600	–	–
Trade and other receivables	9	20,332	10,421	–	–
Other investments	10	6,027	6,227	–	–
Deferred tax assets	11	6,907	7,717	–	–
		177,902	119,124	59,624	59,624
Current assets					
Inventories	12	2,625	1,193	–	–
Construction work-in-progress	13	66,408	60,877	–	–
Development properties	14	351,243	308,720	–	–
Other investments	10	194	–	–	–
Trade and other receivables	9	163,835	130,170	11	16
Amounts due from related parties	16	21,137	21,094	48,952	53,326
Cash and cash equivalents	17	66,378	79,845	85	6,183
Assets classified as held for sale	15	371	–	–	–
		672,191	601,899	49,048	59,525
Total assets		850,093	721,023	108,672	119,149
Equity attributable to owners of the Company					
Share capital	18	154,552	154,552	154,552	154,552
Reserves	19	(76,457)	(74,179)	(45,850)	(45,850)
Retained earnings		143,257	125,299	(2,201)	8,298
		221,352	205,672	106,501	117,000
Non-controlling interests		45,383	48,959	–	–
Total equity		266,735	254,631	106,501	117,000
Non-current liabilities					
Trade and other payables	20	13,098	7,417	–	–
Loans and borrowings	21	88,947	87,806	–	–
Deferred tax liabilities	11	2,541	4,116	–	–
		104,586	99,339	–	–
Current liabilities					
Progress billings in excess of construction work-in-progress	13	2,473	1,525	–	–
Trade and other payables	20	289,971	216,308	1,747	2,141
Amounts due to related parties	16	20,422	20,353	420	–
Loans and borrowings	21	149,140	112,730	–	–
Current tax payable		16,766	16,137	4	8
		478,772	367,053	2,171	2,149
Total liabilities		583,358	466,392	2,171	2,149
Total equity and liabilities		850,093	721,023	108,672	119,149

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Revenue			
Revenue from construction contracts	22(a)	496,412	350,685
Revenue from sales of development properties	22(b)	3,318	53,828
Revenue from sales of goods		10,312	8,806
Rental income		1,385	1,192
		511,427	414,511
Other income	23(a)	3,521	9,246
Costs of construction contracts		(446,790)	(313,299)
Costs of sales of development properties		(2,741)	(50,083)
Costs of goods sold		(6,272)	(5,218)
Depreciation and amortisation		(4,704)	(3,886)
Selling expenses		(1,728)	(4,436)
Staff costs	23(c)	(19,730)	(17,967)
Other expenses	23(b)	(11,711)	(12,094)
		(493,676)	(406,983)
Profit from operating activities		21,272	16,774
Finance income	24	2,027	3,502
Finance costs	24	(3,333)	(3,051)
Net finance (costs)/income		(1,306)	451
Share of profit of associate and joint ventures, net of tax		9,166	20,579
Profit before tax		29,132	37,804
Tax expense	25	(2,705)	(10,878)
Profit for the year		26,427	26,926
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries		(5,164)	6,733
Exchange differences on monetary items forming part of net investment in a foreign operation		(1,964)	(118)
Net change in the fair value of available-for-sale investments		4	(53)
Tax on other comprehensive income	25	425	28
Other comprehensive income for the year, net of tax		(6,699)	6,590
Total comprehensive income for the year		19,728	33,516

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Profit attributable to:			
Owners of the Company		25,740	27,176
Non-controlling interests		687	(250)
Profit for the year		26,427	26,926
Total comprehensive income attributable to:			
Owners of the Company		21,273	32,657
Non-controlling interests		(1,545)	859
Total comprehensive income for the year		19,728	33,516
Earnings per share			
- Basic and diluted (cents)	26	3.36	3.55

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Attributable to owners of the Company									
	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011	154,552	(77,720)	(179)	3,442	67	(5,270)	105,783	180,675	49,556	230,231
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	27,176	27,176	(250)	26,926
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	5,624	–	5,624	1,109	6,733
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	–	(118)	–	(118)	–	(118)
Net change in the fair value of available-for-sale investments	–	–	–	–	(53)	–	–	(53)	–	(53)
Tax on other comprehensive income	–	–	–	–	8	20	–	28	–	28
Total other comprehensive income	–	–	–	–	(45)	5,526	–	5,481	1,109	6,590
Total comprehensive income for the year	–	–	–	–	(45)	5,526	27,176	32,657	859	33,516

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Note	Attributable to owners of the Company									
		Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends declared	18	–	–	–	–	–	–	(7,660)	(7,660)	–	(7,660)
Repayment of quasi loan to non-controlling interests		–	–	–	–	–	–	–	–	(1,456)	(1,456)
Total contributions by and distributions to owners		–	–	–	–	–	–	(7,660)	(7,660)	(1,456)	(9,116)
Total transactions with owners of the Company		–	–	–	–	–	–	(7,660)	(7,660)	(1,456)	(9,116)
At 31 December 2011		154,552	(77,720)	(179)	3,442	22	256	125,299	205,672	48,959	254,631

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Attributable to owners of the Company									
	Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2012	154,552	(77,720)	(179)	3,442	22	256	125,299	205,672	48,959	254,631
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	25,740	25,740	687	26,427
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	(2,932)	–	(2,932)	(2,232)	(5,164)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	–	(1,964)	–	(1,964)	–	(1,964)
Net change in the fair value of available-for-sale investments	–	–	–	–	4	–	–	4	–	4
Tax on other comprehensive income	–	–	–	–	(1)	426	–	425	–	425
Total other comprehensive income	–	–	–	–	3	(4,470)	–	(4,467)	(2,232)	(6,699)
Total comprehensive income for the year	–	–	–	–	3	(4,470)	25,740	21,273	(1,545)	19,728

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Note	Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company									
		$’ 00	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends declared	18	–	–	–	–	–	–	(7,660)	(7,660)	(98)	(7,758)
Capital contribution by non-controlling interest		–	–	–	–	–	–	–	–	134	134
Transfer to statutory reserve		–	–	–	122	–	–	(122)	–	–	–
Total contributions by and distributions to owners		–	–	–	122	–	–	(7,782)	(7,660)	36	(7,624)
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without a change in control		–	–	2,067	–	–	–	–	2,067	(2,067)	–
Total changes in ownership interest in subsidiaries		–	–	2,067	–	–	–	–	2,067	(2,067)	–
Total transactions with owners of the Company		–	–	2,067	122	–	–	(7,782)	(5,593)	(2,031)	(7,624)
At 31 December 2012		154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735

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

Consolidated Statement of Cash Flow

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit from operating activities		21,272	16,774
Adjustments for:			
Depreciation and amortisation		9,026	6,952
(Gain)/Loss on disposal of:			
- investment in an associate	23(b)	–	18
- investment properties	23(a)	(343)	(1,061)
- other investment	23(a)	–	(636)
- property, plant and equipment	23(a)	(492)	(142)
Write off of property, plant and equipment	23(b)	58	–
		29,521	21,905
Changes in:			
Inventories		(1,468)	(253)
Construction work-in-progress		(4,615)	(46,061)
Development properties		(39,473)	(83,292)
Trade and other receivables		(45,802)	(18,780)
Balances with related parties (trade)		5,558	6,520
Trade and other payables		80,189	12,659
Cash generated from/(used in) operations		23,910	(107,302)
Tax paid		(7,826)	(15,731)
Tax refunded		3,199	32
Net cash from/(used in) operating activities		19,283	(123,001)

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

Consolidated Statement of Cash Flow

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Cash flows from investing activities			
Balances with related parties (non-trade)		(299)	(834)
Dividends received from joint ventures		8,000	21,081
Interest received		362	347
Loan to a joint venture		(16,965)	(5,235)
Investment in a joint venture		–	(300)
Proceeds from disposal of:			
- investment properties		698	2,057
- other investments		–	1,020
- property, plant and equipment		619	246
Purchase of:			
- property, plant and equipment		(38,791)	(24,837)
- intangible assets		(1,128)	(790)
Net cash used in investing activities		(47,504)	(7,245)
Cash flows from financing activities			
Balances with related parties (non-trade)		(1,705)	1,534
Capital contribution by non-controlling interests		134	–
Increase in deposits pledged		(101)	(15,711)
Dividends paid to:			
- owners of the Company		(7,240)	(7,660)
- non-controlling interests		(98)	–
Interest paid		(15,506)	(11,748)
Payments of finance lease liabilities		(418)	(137)
Proceeds from loan from business associates		1,940	1,327
Proceeds from loans and borrowings		171,272	207,775
Repayment of quasi loan to non-controlling interests		–	(1,456)
Repayments of loans and borrowings		(131,796)	(67,278)
Net cash from financing activities		16,482	106,646
Net decrease in cash and cash equivalents		(11,739)	(23,600)
Cash and cash equivalents at beginning of the year		62,004	84,370
Effect of exchange rate changes on balances held in foreign currencies		(983)	1,234
Cash and cash equivalents at end of the year	17	49,282	62,004

Significant non-cash transactions

During the financial year, the Group purchased property, plant and equipment totalling $40,362,000 (2011: $24,899,000), of which $1,571,000 (2011: $62,000) was acquired under financing arrangement.

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

Notes to The Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2013.

1. Domicile and activities

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

The financial statements of the Group as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except 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 has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts in the financial statements is included in the following notes:

Note 8 –	recognition of share of results of joint ventures
Note 22 –	revenue and costs recognition from construction contracts and development properties

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

Note 4 –	measurement of recoverable amounts of property, plant and equipment
Note 5 –	measurement of recoverable amounts of intangible assets
Note 6 –	measurement of recoverable amounts of investment properties
Note 10 –	assessment of impairment losses on other investments
Note 14 –	measurement of carrying amounts of completed properties held for sale and properties under development
Note 25 –	estimation of provisions for current and deferred taxation

3. Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with *FRS 103 Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; 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.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Acquisitions from entities under common control

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

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

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

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

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

When the Group's share of losses exceeds its interests in an equity-accounted investee, the carrying amount of 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.

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 jointly controlled entities 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 end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

Foreign operations

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Subsequent costs

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

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property under construction 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.

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

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

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

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. 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 jointly controlled entities, 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 jointly controlled entities.

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.

Depreciation

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

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

• Freehold properties	50 years
• Leasehold properties	Shorter of 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 Financial instruments

Non-derivative financial assets

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

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

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

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

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise other investments.

Loans and receivables

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

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

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

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

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

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.

Financial guarantees

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

Financial guarantees are accounted for in the 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.

3.7 Impairment

Non-derivative financial assets

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

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

Loans and receivables and held-to-maturity investment securities

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

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

Available-for-sale financial assets

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

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

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets 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.

3.8 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3.15) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

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

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

3.9 Development properties

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

Properties under development for sale

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

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

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

Completed properties for sale

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

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

3.10 Inventories

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

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

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, 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 or loss. Gains are not recognised in excess of any cumulative impairment loss.

Investment properties once classified as held for sale are not amortised or depreciated.

3.12 Employee benefits

Defined contribution plans

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

Short-term 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.

3.13 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.

3.14 Leases

When entities within the Group are lessees of a finance lease

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

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

When entities within the Group are lessees of an operating lease

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

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

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.

3.15 Revenue

Construction contracts

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

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

Sales of development properties

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer 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.

Sales of goods

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

Rental income

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

3.16 Government grants

Business tax incentive

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

3.17 Finance income and costs

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

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

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.

3.18 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and jointly controlled entities 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 end of the reporting period, 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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.19 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.

3.20 Segment reporting

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

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

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

3.21 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. The Group has presently done a preliminary assessment and concluded that the adoption of the new standards, amendments to standards and interpretation is unlikely to have significant impact on the Group's results of operations and financial position.

Notes to The Financial Statements

4. Property, plant and equipment

	Leasehold land	Freehold land	Leasehold properties	Plant and machinery	Tools and moulds	Furniture, equipment and fittings	Motor vehicles	Property under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost									
At 1 January 2011	5,557	–	14,016	26,924	32,173	2,895	5,626	3,611	90,802
Additions	–	–	–	2,442	5,842	1,183	578	14,854	24,899
Disposals	–	–	–	(365)	(26)	(14)	–	–	(405)
Effects of movements in exchange rates	–	–	63	1,258	–	194	705	–	2,220
At 31 December 2011	5,557	–	14,079	30,259	37,989	4,258	6,909	18,465	117,516
Additions	–	5,019	8,299	10,553	9,666	1,105	721	4,999	40,362
Disposals/write-off	–	–	–	(2,473)	(9)	(213)	(290)	–	(2,985)
Transfer	–	–	15,165	8,299	–	–	–	(23,464)	–
Effects of movements in exchange rates	–	(36)	(33)	(331)	–	(67)	(216)	–	(683)
At 31 December 2012	5,557	4,983	37,510	46,307	47,646	5,083	7,124	–	154,210
Accumulated depreciation and impairment losses									
At 1 January 2011	341	–	4,334	19,212	31,821	1,422	3,278	–	60,408
Depreciation charge for the year	105	–	338	2,055	663	769	688	–	4,618
Disposals	–	–	–	(284)	(7)	(10)	–	–	(301)
Effects of movements in exchange rates	–	–	16	864	–	165	411	–	1,456
At 31 December 2011	446	–	4,688	21,847	32,477	2,346	4,377	–	66,181
Depreciation charge for the year	105	–	924	2,628	1,602	888	727	–	6,874
Disposals/write-off	–	–	–	(2,457)	(2)	(80)	(261)	–	(2,800)
Effects of movements in exchange rates	–	–	(8)	(242)	–	34	(137)	–	(421)
At 31 December 2012	551	–	5,604	21,776	34,077	3,120	4,706	–	69,834
Carrying amounts									
At 1 January 2011	5,216	–	9,682	7,712	352	1,473	2,348	3,611	30,394
At 31 December 2011	5,111	–	9,391	8,412	5,512	1,912	2,532	18,465	51,335
At 31 December 2012	5,006	4,983	31,906	24,531	13,569	1,963	2,418	–	84,376

The depreciation for the year is analysed as follows:

	Group	
	2012	2011
	$'000	$'000
Depreciation for the year	6,874	4,618
Depreciation included in construction work-in-progress	(4,322)	(3,066)
Depreciation charged to profit or loss	2,552	1,552

Assets held under finance lease

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

	Group	
	2012	2011
	$'000	$'000
Plant and machinery	912	61
Motor vehicles	793	178
Office equipment	–	3
	1,705	242

Security

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

5. Intangible assets

	Patented technology	Licence fee	Computer software	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
At 1 January 2011	8,708	263	89	9,060
Additions	759	–	31	790
Effect of movements in exchange rates	62	–	5	67
At 31 December 2011	9,529	263	125	9,917
Additions	702	–	426	1,128
Effect of movements in exchange rates	(116)	–	(6)	(122)
At 31 December 2012	10,115	263	545	10,923

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Group				
Accumulated amortisation				
At 1 January 2011	592	35	5	632
Amortisation	1,668	26	11	1,705
Effect of movements in exchange rates	(14)	–	1	(13)
At 31 December 2011	2,246	61	17	2,324
Amortisation	1,442	31	70	1,543
Effect of movements in exchange rates	(89)	–	(1)	(90)
At 31 December 2012	3,599	92	86	3,777
Carrying amounts				
At 1 January 2011	8,116	228	84	8,428
At 31 December 2011	7,283	202	108	7,593
At 31 December 2012	6,516	171	459	7,146

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

6. Investment properties

	Note	Group $'000
Cost		
At 1 January 2011		23,689
Disposals		(1,124)
Effect of movements in exchange rates		1,011
At 31 December 2011		23,576
Disposals		(416)
Transfer to assets held for sale	15	(378)
Effect of movements in exchange rates		(1,033)
At 31 December 2012		21,749
Accumulated depreciation and impairment losses		
At 1 January 2011		2,683
Depreciation charge for the year		629
Disposals		(129)
Effect of movements in exchange rates		162
At 31 December 2011		3,345
Depreciation charge for the year		609
Disposals		(61)
Transfer to assets held for sale	15	(7)
Effect of movements in exchange rates		(158)
At 31 December 2012		3,728

	Group $'000
Carrying amounts	
At 1 January 2011	21,006
At 31 December 2011	20,231
At 31 December 2012	18,021

The fair value of the investment properties as at 31 December 2012 is $40,343,000 (2011: $55,289,000).

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

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

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	
	2012 $'000	2011 $'000
Within one year	220	272
After one year but within five years	35	–
	255	272

Securities

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

7. Subsidiaries

	Company	
	2012 $'000	2011 $'000
Unquoted shares in subsidiaries, at cost	59,624	59,624

Details of the subsidiaries are as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2012 %	2011 %
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors")[1] and its subsidiaries:	Construction works	Singapore	100	100
Steeltech Industries Pte. Ltd.[1]	Construction engineering sub-contracting works for fabrication, supply and installation of pre-cast mould, metalwork, steelwork and aluminium works	Singapore	51	51
TSC Contractors (PNG) Limited[2]	Construction works and rental of equipment	Papua New Guinea ("PNG")	100	100
Lao-Singapore Construction Co., Ltd.[3]	Production of concrete and construction works	Lao People Democratic Republic ("Laos")	60	60
TSC Innovative Builder Pte Ltd.[1]	Construction contractor	Singapore	100	100
Robin Village Development Pte. Ltd.[1] and its subsidiary:	Pre-casting	Singapore	100	100
Robin Village Sdn. Bhd.[9]	Pre-casting	Malaysia	100	–
Jet-Scan Private Limited[4] and its subsidiary:	Rehabilitation of water and gas pipe line and sewer construction, rehabilitation of sewerage and pipes	Singapore	100	100
Jet-Scan (HK) Limited.[10]	Sewer pipes rehabilitation works	Hong Kong Special Administrative Region	–	100
Cobiax Technologies AG[5] and its subsidiaries:	Construction technology company specialising in bi-axial lightweight slab system	Switzerland	90	90
Cobiax Technologies GmbH (Austria)[11]	Construction technology company specialising in bi-axial lightweight slab system	Republic of Austria	87	87
Cobiax Technologies Limited (UK)[11]	Construction technology company specialising in bi-axial lightweight slab system	United Kingdom	90	90

Notes to The Financial Statements

Name of subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2012 %	2011 %
Cobiax Technologies GmbH (Germany)[11]	Construction technology company specialising in bi-axial lightweight slab system	Federal Republic of Germany	90	90
Cobiax Technologies (Asia) Pte Ltd[1]	General contractors and sub-contracting works	Singapore	90	90
Chang De Investment Private Limited ("Chang De")[1] and its subsidiaries:	Investment holding	Singapore	100	100
Suzhou Huisheng Construction Development Co., Ltd. ("Suzhou Huisheng")[6] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100
Jiangsu Huiyang Construction Development Co., Ltd.[7] and its subsidiary:	Property development	PRC	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[7]	Commercial property management and real estate mediatory services	PRC	55	55
Tianjin Zizhulin Development Co., Ltd. ("Zizhulin")[8] and its subsidiaries:	Property development	PRC	80	80
Tianjin Tianmen Jinwan Property Development Co., Ltd.[8]	Property development	PRC	50	50
Tianjin Zizhulin Investment Co., Ltd. [8] and its subsidiaries:	Investment holding	PRC	66	66
Cangzhou Huashi Property Development Co., Ltd. ("Cangzhou Huashi")[8]	Property development	PRC	41	41
Tiong Seng (Tianjin) Project Management and Consultancy Co., Ltd.[8]	Construction project management	PRC	83	83
Tianjin Jiashi Asset Management Co., Ltd ("Jiashi")[8]	Asset management	PRC	66	66
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang")[8] and its subsidiary:	Property development	PRC	64*	59
Ealdorman (Tianjin) Hotel Management Co., Ltd[8]	Clubhouse and consultancy services	PRC	64	59

Name of subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group 2012 %	2011 %
Suzhou Changhe Investment and Development Co., Ltd. ("Changhe")[6]	Property development	PRC	100	–
Tiong Seng Properties (Private) Limited[1]	Investment holding	Singapore	100	100
Yuan Ching Development Pte Ltd[1]	Real estate development	Singapore	100	100

* In 2012, a subsidiary of the Group, Chang De acquired additional equity interest of 5% in Guangang for a purchase consideration of $7,088,000, increasing its equity interest held from 59% to 64%. The carrying amount of Guangang's net assets in the Group's financial statements on the date of acquisition was $42,439,000. The Group recognised a decrease in non-controlling interests and an increase in capital reserve of $2,067,000 respectively.

1 *Audited by KPMG LLP, Singapore*

2 *Audited by HLB Niugini, PNG*

3 *Audited by Ekpanya Consulting Co., Ltd., Laos*

4 *Audited by Fok Oi Leng & Co*

5 *Audited by KPMG AG*

6 *Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., RC*

7 *Audited by Yangzhou Huicheng Union Certified Public Accountants, PRC*

8 *Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC*

9 *Audited by KPMG, Malaysia*

10 *Jet-Scan (HK) Limited was struck off from the Register of Companies*

11 *Not required to be audited in accordance with the law of the country of incorporation.*

8. Associates and joint ventures

	Group 2012 $'000	2011 $'000
Investment in associate	39	39
Investments in joint ventures	12,893	10,365
	12,932	10,404
Less: Impairment losses	(39)	(39)
	12,893	10,365
Loan to a joint venture	22,200	5,235
	35,093	15,600

The loan to a joint venture is unsecured and bears interest from 1.58% to 1.79% (2011: 1.58% to 1.62%) per annum. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investments in the joint venture, it is stated at cost less impairment.

Notes to The Financial Statements

Detail of the associate is as follows:

Name of associate	Principal Activities	Country of Incorporation	Effective equity interest held by the Group	
			2012	2011
			%	%
Fierce (Suzhou) Co., Ltd.	Advertising and related business	PRC	40	40

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

Details of the joint ventures are as follows:

Name of joint venture	Principal Activities	Country of incorporation / operation	Effective equity interest held by the Group	
			2012	2011
			%	%
Incorporated joint ventures				
Sindia Consortium Pte. Ltd.[1]	Other investment holdings	Singapore	25	25
Cesma-Hua Kok-Tiong Seng-Neo Construction (India) Private Limited[2]	Construction works	India	25	25
Feature (Balmoral) Pte. Ltd.[4]	Real estate development	Singapore	30	30
Unincorporated joint ventures				
Samsung-Tiong Seng Joint Venture (partnership) [1]	Building construction	Singapore	30	30
Kajima-Tiong Seng Joint Venture (partnership) [3]	Building construction	Singapore	40	40
Kajima-Tiong Seng Joint Venture (partnership) [3]	Construction works	Singapore	30	30
GS E&C – TSC JV (partnership) [4]	Construction works	Singapore	30	30
Samsung-Tiong Seng Joint Venture (partnership) [4]	Building construction	Singapore	45	45

[1] *Audited by RSM Chio Lim Stone Forest*

[2] *Audited by Ramasamy Koteswara Rao & Co*

[3] *Audited by Smalley and Co.*

[4] *Audited by KPMG LLP, Singapore*

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

	2012 $'000	2011 $'000
Assets and liabilities		
Total assets	112	98
Total liabilities	(350)	(379)
Results		
Revenue	67	22
Expenses	(39)	(7)
Profit after taxation	28	15

There were no capital commitments and contingent liabilities as at 31 December 2012 and 2011.

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

	2012 $'000	2011 $'000
Assets and liabilities		
Total assets	162,726	126,992
Total liabilities	(149,833)	(116,627)
Results		
Revenue	100,808	26,488
Expenses	(89,765)	(1,699)
Profit before taxation	11,043	24,789
Income tax	(1,877)	(4,216)
Profit after taxation	9,166	20,573

There were no contingent liabilities as at 31 December 2012 and 2011. The Group's share of commitment has been included in note 28(a).

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

9. Trade and other receivables

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current					
Retention monies on construction contracts		20,332	10,421	–	–
Current					
Trade receivables		47,007	37,151	–	–
Less: Allowance for doubtful receivables	32(b)	(528)	(569)	–	–
		46,479	36,582	–	–
Advances to suppliers:					
- trade		1,656	2,118	–	–
- non-trade		135	141	–	–
Accrued receivables		67,050	42,881	–	–
Retention monies on construction contracts		38,177	33,159	–	–
Deposits and prepayments		3,833	9,388	11	16
Deposit placed for joint development project		–	1,020	–	–
Tax prepayments		783	353	–	–
Other receivables		5,722	4,528	–	–
		163,835	130,170	11	16
Total		184,167	140,591	11	16

In 2011, deposit placed for joint development project related to a refundable deposit placed for a joint development project to develop a piece of land with an external party in Dagang, PRC. The joint development project was subsequently terminated and the deposit was refunded in 2012.

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

10. Other investments

	Group 2012 $'000	Group 2011 $'000
Non-current		
Held-to-maturity		
Other investment, at cost	–	204
Club membership, at cost	285	285
	285	489
Available-for-sale financial assets		
Quoted equity investments, at fair value	51	47
Unquoted equity investments, at cost	8,640	8,640
Impairment losses	(2,949)	(2,949)
	5,691	5,691
	6,027	6,227
Current		
Held-to-maturity		
Other investment, at cost	194	–
	194	–
Total	6,221	6,227

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

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

	Group 2012 $'000	Group 2011 $'000
At 1 January	2,949	3,930
Impairment loss utilised	–	(981)
At 31 December	2,949	2,949

11. Deferred tax assets and liabilities

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

	At 1 January 2011 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2011 $'000	Recognised in profit or loss (note 25) $'000	At 31 December 2012 $'000
Group					
Deferred tax assets					
Property, plant and equipment	–	–	–	152	152
Investment properties	424	(78)	346	(99)	247
Profits on uncompleted projects	272	(272)	–	–	–
Trade and other payables	90	36	126	(126)	–
Inventories	–	–	–	96	96
Estimated benefit on loss carry forward	6,250	810	7,060	(500)	6,560
Unabsorbed capital allowances	–	–	–	(2)	(2)
	7,036	496	7,532	(479)	7,053
Deferred tax liabilities					
Property, plant and equipment	(336)	(734)	(1,070)	(686)	(1,756)
Intangible assets	(1,392)	(14)	(1,406)	610	(796)
Other receivables	–	(279)	(279)	261	(18)
Profits on uncompleted projects	(165)	165	–	–	–
Trade and other payables	(293)	(550)	(843)	726	(117)
Unremitted earnings	(497)	164	(333)	333	–
	(2,683)	(1,248)	(3,931)	1,244	(2,687)

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 2012 $'000	Group 2011 $'000
Deferred tax assets	6,907	7,717
Deferred tax liabilities	(2,541)	(4,116)

Unrecognised deferred tax assets

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

	Group	
	2012	2011
	$'000	$'000
Tax losses	19,903	18,715

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 $10,683,000 (2011: $6,187,000) which expire in 5 or 7 years, 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 is not 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 $22,060,000 (2011: $24,230,000) of certain overseas subsidiaries for the year ended 31 December 2012 as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

12. Inventories

	Group	
	2012	2011
	$'000	$'000
Raw materials	2,625	1,193

In 2012, raw materials recognised as cost of sales amounted to $4,314,000 (2011: $3,975,000).

13. Construction work-in-progress

	Group	
	2012	2011
	$'000	$'000
Costs incurred	1,450,285	943,502
Attributable profits less recognised losses	126,344	93,423
	1,576,629	1,036,925
Progress billings	(1,512,694)	(977,573)
	63,935	59,352
Represented by:		
Construction work-in-progress	66,408	60,877
Progress billings in excess of construction work-in-progress	(2,473)	(1,525)
	63,935	59,352

The followings were capitalised in construction costs during the year:

	Group	
	2012	2011
	$'000	$'000
Depreciation of property, plant and equipment	4,322	3,066
Staff costs	42,094	37,758
	46,416	40,824

14. Development properties

	Group	
	2012	2011
	$'000	$'000
Completed properties held for sale	1,111	3,938
Properties under development	350,132	304,782
	351,243	308,720
Borrowing costs capitalised during the year	24,492	11,947

All development properties are located in the PRC.

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

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

Securities

Certain development properties of the Group are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 21.

15. Assets classified as held for sale

As at 31 December 2012, the Group entered into a sale agreement to sell investment properties to a third party. Accordingly, the carrying amount of the investment properties of $371,000 was presented as assets held for sale. The sale has been completed in February 2013.

16. Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Trade amounts due from:				
- corporate shareholder	149	149	–	–
- joint ventures	907	751	–	–
- non-controlling interests	–	2,216	–	–
- affiliated corporation	216	–	–	–
	1,272	3,116	–	–
Non-trade amounts due from:				
- affiliated corporations (net)	78	82	–	–
- joint ventures	5,629	5,197	–	–
- non-controlling interests	14,119	12,699	–	–
- a subsidiary	–	–	48,952	42,326
	19,826	17,978	48,952	42,326
Dividend receivable from a subsidiary	–	–	–	11,000
Loans to a non-controlling interest	39	–	–	–
	39	–	–	11,000
Total amounts due from related parties	21,137	21,094	48,952	53,326

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 a subsidiary are unsecured, interest-free and repayable on demand.

The non-trade amounts due from non-controlling interests are unsecured, interest-free and repayable on demand except for amounts of $11,445,000 (2011: $12,039,000) which are secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests.

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

Amounts due to related parties

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Trade amounts due to:				
- a corporate shareholder	(111)	(40)	–	–
- an affiliated corporation	(3,326)	(1,320)	–	–
	(3,437)	(1,360)	–	–
Non-trade amounts due to:				
- non-controlling interests	(1,940)	(2,040)	–	–
- a joint venture	–	(4,301)	–	–
	(1,940)	(6,341)	–	–
Dividend payable to owners of the Company	(420)	–	(420)	–
Loans from non-controlling interests	(14,625)	(12,652)	–	–
	(15,045)	(12,652)	(420)	-
Total amounts due to related parties	(20,422)	(20,353)	(420)	–

The non-trade amounts due to non-controlling interests relate to the outstanding consideration payable for the acquisition of Cangzhou Huashi.

The non-trade amount due to a joint venture totalling $4,301,000 in year 2011 was unsecured and interest-free. In 2012, the amount was repaid to the joint venture.

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

17. Cash and cash equivalents

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cash at banks and in hand		47,389	62,607	85	6,183
Fixed deposits		18,989	17,238	–	–
		66,378	79,845	85	6,183
Bank overdrafts used for cash management purposes	21	(681)	(693)		
Deposits pledged		(16,415)	(17,148)		
Cash and cash equivalents in the statement of cash flows		49,282	62,004		

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.63% (2011: 0.48%) per annum.

The deposits were pledged as security to obtain bank loans (note 21).

18. Share capital

	Company 2012 No of shares	Company 2012 $'000	Company 2011 No of shares	Company 2011 $'000
Issued and fully paid ordinary, with no par value				
At 1 January and 31 December	766,039,750	154,552	766,039,750	154,552

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

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2012 was 11.6% (2011: 13.2%). The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

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

Dividends

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

	Group and Company	
	2012	**2011**
	$'000	**$'000**
Paid by the Company to owners of the Company		
1 cent per qualifying ordinary share	7,660	7,660

	Group	
	2012	**2011**
	$'000	**$'000**
Paid by a subsidiary to a non-controlling interest		
$2 per qualifying ordinary share (2011: nil cents)	98	–

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	
	2012	**2011**
	$'000	**$'000**
1 cent per qualifying ordinary share	7,660	7,660

19. Reserves

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Merger reserve	(77,720)	(77,720)	(45,850)	(45,850)
Capital reserve	1,888	(179)	–	–
Statutory reserve	3,564	3,442	–	–
Fair value reserve	25	22	–	–
Foreign currency translation reserve	(4,214)	256	–	–
	(76,457)	(74,179)	(45,850)	(45,850)

Merger reserve

Group

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

Company

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

Capital reserve

The capital reserve arises from additional capital contributed by Tiong Seng Contractors in excess of its share of the registered capital in a subsidiary and effects arising from acquisition 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资经营企业法实施条例), sino-foreign equity joint venture enterprises (“EJV”) are required to appropriate profit to the statutory reserve. Appropriation to the statutory reserve is determined by the board of directors based on the profit arrived at in accordance with PRC GAAP – EJV for each year.

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

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

Fair value reserve

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

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.

20. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current				
Retention sums payable	13,098	7,417	–	–
Current				
Trade payables	51,494	48,235	–	–
Accrued trade payables	131,516	96,461	–	
Accrued operating expenses and other payables	36,456	34,441	1,747	2,141
Receipts in advance	51,646	16,910	–	–
Retention sums payable	18,859	20,261	–	–
	289,971	216,308	1,747	2,141
Total	303,069	223,725	1,747	2,141

Included in accrued operating expenses and other payables are accruals for resettlement costs of $15,081,000 (2011: $16,945,000).

Included in receipts in advance as at 31 December 2012 were instalments of sales proceeds received from buyers of $48,380,000 (2011: $13,198,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

21. Loans and borrowings

	Group	
	2012	2011
	$'000	$'000
Non-current		
Secured bank loans	88,100	87,736
Finance lease liabilities	847	70
	88,947	87,806

	Note	Group 2012 $'000	Group 2011 $'000
Current			
Secured bank overdrafts	17	681	693
Secured bank loans		91,730	39,241
Secured loan from financial institutions		53,192	71,412
Finance lease liabilities		433	57
Unsecured loans from business associates		3,104	1,327
		149,140	112,730
Total loans and borrowings		238,087	200,536
Maturities of liabilities (excluding finance lease liabilities)			
Within 1 year		148,707	112,673
After 1 year but within 5 years		86,127	85,638
After 5 years		1,973	2,098
		236,807	200,409

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

	Group 2012 $'000	Group 2011 $'000
Carrying amounts of assets:		
Leasehold land	–	5,111
Freehold land	4,983	–
Leasehold properties	8,952	8,926
Investment properties	963	1,013
Development properties	56,153	20,119
Plant and machinery	3,135	3,585
Deposits pledged	16,415	17,148
Total	90,601	55,902

The secured bank loans and secured bank overdrafts 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 is a loan to Chang De amounting to $93,175,000 (2011: $74,000,000). The bank loan is secured by the followings:

(a) the subordination of the Group's share of existing and future shareholder's loans relating to the Group's existing development properties projects;
(b) the assignment of the Group's share of existing and future shareholder's loans relating to the Group existing development properties projects;
(c) the Group's shares in other investment; and
(d) the Group's shares in Chang De, TSP, Zizhulin, Guangang and Changhe.

Secured loan from financial institutions

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements (the "First Agreements"), the shareholders of Guangang pledged their equity interests as well as the shareholders' loan of RMB62,000,000 (approximately $12,027,000) to Northern International Trust & Investment Co., Ltd. ("NIT") as a form of security for loans up to RMB200,000,000 (approximately $38,798,000) for a tenure of 24 months. The terms and conditions of the Agreements provides that NIT will transfer the shares back to the shareholders at no consideration upon the repayment of loan and relevant interest payable by Guangang to NIT on or before 5 March 2013. Subsequently after year end, the loan was renewed and the repayment date of the loan was extended to 5 August 2014. Notwithstanding this, Guangang remained as a subsidiary of the Group.

Pursuant to a loan agreement dated 19 April 2012 and the shareholding entrusted agreement (the "Second Agreements"), the shareholders of Jiashi pledged their security interest to NIT as a form of security for loans up to RMB70,000,000 (approximately $13,579,000) for a tenure of 12 months. Subsequently after year end, the loan was renewed and the repayment date of the loan was extended to 23 December 2013.

Unsecured loans from business associates

The unsecured loans from business associates are repayable on demand and interest-free.

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 2012				
Secured bank loans	RMB	6.72 - 8.80	2013 - 2014	36,430
Secured bank loans	SGD	1.38 - 5.25	2013 - 2030	140,729
Secured bank loans	MYR	2.95	2017	2,671
Secured bank overdrafts	CHF	3.90	2013	681
Secured loan from financial institutions	RMB	10.00 - 15.00	2013	53,192
Unsecured loans from business associates	RMB	nil	2013	3,104
Finance lease liabilities	SGD	1.55 -7.48	2013 - 2017	1,210
Finance lease liabilities	MYR	2.46	2013 - 2020	70
Total loans and borrowings				238,087

	Currency	Nominal interest rate per annum	Year of maturity	Carrying amount
		%		$'000
Group				
At 31 December 2011				
Secured bank loans	RMB	5.81 - 8.80	2012 - 2017	28,811
Secured bank loans	SGD	1.32 - 5.25	2012 - 2030	98,166
Secured bank overdrafts	CHF	4.75	2012	693
Secured loan from financial institutions	RMB	15.00	2012	71,412
Secured loan from business associate	RMB	10.00	2012	102
Unsecured loans from business associates	RMB	nil	2012	1,225
Finance lease liabilities	SGD	2.01 - 10.56	2012 - 2016	127
Total loans and borrowings				200,536

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal	Interest	Payments
	$'000	$'000	$'000
At 31 December 2012			
Within 1 year	433	29	462
After 1 year but within 5 years	847	65	912
	1,280	94	1,374
At 31 December 2011			
Within 1 year	57	6	63
After 1 year but within 5 years	70	5	75
	127	11	138

22. Revenue

(a) Revenue and costs recognition from construction contracts

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

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

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

(b) Revenue from sales of development properties

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

23. Profit before tax

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

		Note	Group 2012 $'000	Group 2011 $'000
(a)	**Other income**			
	Business tax incentive		–	1,574
	Fees from project management		1,541	4,071
	Gain on disposal of:			
	- investment properties		343	1,061
	- other investment		–	636
	- property, plant and equipment		492	142
	- scrap parts and materials		248	295
	Gain from sales of parking lots		208	937
	Others		689	530
			3,521	9,246
(b)	**Other expenses include**			
	Direct operating expenses arising from rental of investment properties, plant and machinery		369	1,064
	Impairment losses on trade receivables	32(b)	8	458
	Loss on disposal of investment in an associate		–	18
	Operating lease expenses		1,355	801
	Write off of property, plant and equipment		58	–
	Non-audit fees paid and payable to:			
	- auditors of the Company		78	117
	- other auditors		93	74

	Group	
	2012	2011
	$'000	$'000
(c) Staff costs		
Wages and salaries for staff	58,056	53,295
Contribution to defined contribution plans	2,610	1,255
Increase in liability for short-term accumulating compensated absence	262	63
Others	896	1,112
Staff costs for the year	61,824	55,725
The staff costs charged to profit or loss are arrived at as follows:		
Staff costs for the year	61,824	55,725
Staff costs capitalised in construction work-in-progress	(42,094)	(37,758)
Staff costs charged to profit or loss	19,730	17,967

24. Finance income and costs

	Group	
	2012	2011
	$'000	$'000
Recognised in profit or loss		
Dividend income from available-for-sale financial assets	5	3
Interest income on:		
- cash and cash equivalents	319	301
- other investment	16	43
- loan to a joint venture	407	–
Accretion of discount implicit in retention sum receivables	518	1,588
Exchange gain (net)	–	1,159
Implicit interest in retention sum payables	762	408
Finance income	2,027	3,502

	Group	
	2012	2011
	$'000	$'000
Interest expense on:		
- bank loans	(577)	(633)
- bank overdrafts	(77)	(1)
- finance leases	(16)	(10)
- loan from financial institutions	(52)	(319)
- loan from a corporate shareholder	–	(91)
- loan from a non-controlling interest	–	(190)
Accretion of implicit interest in retention sum payables	(507)	(292)
Discount implicit in retention sum receivables	(954)	(1,515)
Exchange loss (net)	(1,150)	–
Finance costs	(3,333)	(3,051)
Net finance (costs)/income recognised in profit or loss	(1,306)	451
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	742	344
- Total interest expenses on financial liabilities	(722)	(1,244)

25. Tax expense

	Group	
	2012	2011
	$'000	$'000
Tax recognised in profit or loss		
Current tax		
Current year	4,234	5,153
Land appreciation tax	341	1,760
(Over)/Under provision in prior years	(1,105)	3,213
	3,470	10,126
Deferred tax		
Origination and reversal of temporary differences	(752)	1,222
Over provision in prior years	(13)	(470)
	(765)	752
Total tax expense	2,705	10,878

Notes to The Financial Statements

Tax recognised in other comprehensive income

	2012			2011		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Translation differences for foreign operations	(2,932)	–	(2,932)	5,624	–	5,624
Exchange differences on monetary items forming part of net investment in foreign operations	(1,964)	426	(1,538)	(118)	20	(98)
Available-for-sale financial assets	4	(1)	3	(53)	8	(45)
	(4,892)	425	(4,467)	(5,435)	28	5,481

	Group	
	2012	2011
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	29,132	37,804
Less: Share of profit of associate and joint ventures, net of tax	(9,166)	(20,579)
Profit before tax excluding share of results of associate and joint ventures	19,966	17,225
Tax expenses using domestic rates applicable to different jurisdictions	2,905	2,785
Expenses not deductible for tax purposes	1,800	4,918
Income not subject to tax	(1,953)	(1,964)
Deferred tax benefits not recognised	1,188	1,161
Tax incentives	(971)	(496)
Effect of land appreciation tax	256	1,320
(Over)/Under provision in prior years:		
- current tax	(1,105)	3,213
- deferred tax	(13)	(470)
Others	598	411
	2,705	10,878

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 $3,832,000 (2011: $2,089,000) was granted to the Company in respect of capital expenditure on approved construction equipment, under Section 67 of the Economic Expansion Incentives (Relief from Income Tax) Act.

In 2012, productivity and innovation tax credit amounted to $1,883,000 (2011: $827,000) was granted to a subsidiary.

26. Earnings per share

	Group	
	2012	2011
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	25,740	27,176
	Number of shares	Number of shares
	'000	'000
Ordinary shares at 1 January and 31 December	766,040	766,040

There were no dilutive potential ordinary shares in existence for the financial year ended 31 December 2012 and 2011.

27. Operating segments

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

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

Other operations include general corporate activities.

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

Information about reportable segments

	Construction	Property development	Rental	Sales of goods	Segments total	Others *	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2012							
External revenues	496,412	3,318	1,385	10,312	511,427	–	511,427
Interest income	34	584	–	19	637	105	742
Interest expenses	(615)	(309)	–	(89)	(1,013)	291	(722)
Depreciation and amortisation	(6,481)	(160)	(609)	(1,638)	(8,888)	(138)	(9,026)
Reportable segment profit before income tax	29,126	(3,176)	397	(674)	25,673	(5,707)	19,966
Share of profit of associates and joint ventures, net of tax	8,979	187	–	–	9,166	–	9,166
Profit before tax							29,132
Tax expense							(2,705)
Profit for the year							26,427
Reportable segment assets	355,742	424,333	18,021	9,049	807,145	7,855	815,000
Investment in associates and joint ventures	12,409	22,684	–	–	35,093	–	35,093
Total assets							850,093
Reportable segment liabilities	279,209	295,788	–	4,470	579,467	3,891	583,358
Capital expenditure	40,310	99	–	1,008	41,417	73	41,490

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

* 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.

	Group	
	2012	2011
	$'000	$'000
Revenue from external customers		
Singapore	483,819	346,904
PRC	4,171	54,570
PNG	13,158	4,462
Europe	10,279	8,575
	511,427	414,511
Non-current assets*		
Singapore	112,064	63,598
PRC	16,658	18,591
PNG	3,649	4,629
Europe	12,265	7,941
	144,636	94,759

* 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 2012 and 2011, revenue from certain customers (named alphabetically A to D) of the Group's construction segment amount to approximately $285,142,000 and $105,421,000 respectively. The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2012		2011	
	$'000	%	$'000	%
Customer A	75,877	15	–	–
Customer B	72,307	15	68,153	19
Customer C	70,616	14	37,268	11
Customer D	66,342	13	–	–
Total	285,142	57	105,421	30

28. Commitments

(a) Commitments

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

	Group	
	2012	2011
	$'000	$'000
Developmental costs contracted but not provided for:		
- subsidiaries	66,559	44,316
- a joint venture	458	38,070
Purchase of property, plant and equipment	5,429	835
	72,446	83,221

(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	
	2012	2011
	$'000	$'000
Within 1 year	985	299
After 1 year but within 5 years	1,113	414
After 5 years	–	94
	2,098	807

29. Financial guarantee contracts

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

	Group	
	2012	2011
	$'000	$'000
Financial guarantees given to banks for mortgage facilities granted to buyers of the Group's properties (unsecured)	5,493	3,024

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

The directors of the Group are of the opinion that such settlements provide sufficient evidence of the buyers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experience, there were no significant defaults of mortgage facilities by the buyers which resulted in the bank guarantees being called upon.

(b) Guaranteed performance bonds

The Company and a subsidiary have provided guarantee for performance bonds of $192,450,000 (2011: $161,952,000) provided by banks.

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

The Company issued financial guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) granted to subsidiaries of the Group amounting to $521,335,000 (2011: $445,814,000). As at 31 December 2012, $251,134,000 (2011: $205,679,000) of the banking facilities was utilised. At the reporting date, the Company does not consider it probable that the claims will be made against the Company under the guarantee.

30. Related parties

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

(a) Key management personnel compensation

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

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

	Group	
	2012	**2011**
	$'000	**$'000**
Short-term employee benefits	4,242	3,227
Post-employment benefits	80	74
	4,322	3,301
Director fees payable by the Company	490	490

(b) Significant transactions with related parties

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

	Group	
	2012	**2011**
	$'000	**$'000**
A corporate shareholder		
Rental fee paid and payable for parking lots	(188)	(330)
Rental fee paid and payable for land	(784)	(524)
Jointly controlled entities		
Revenue from construction contracts	371	2,622
Affiliated corporations		
Hiring charges	(6,676)	(5,898)
Non-controlling interests		
Development cost paid and capitalised in development properties	(1,092)	(414)

31. Share award scheme

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

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

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

32. Financial risk management

(a) 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.

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

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries and to buyers of the Group development properties in PRC as disclosed in note 29(a).

Except for financial guarantee given by the Company and a subsidiary as set out in note 29, the Group and the Company does not provide any guarantees which would expose the Group or the Company to credit risk. The maximum exposure of the Company and a subsidiary in respect of the financial guarantee at the end of the reporting period is $270,201,000 (2011: $240,135,000). At the reporting date, the Company does not consider it probable that the claim will be made against the Company and a subsidiary under the financial guarantee.

Trade and other receivables

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate as these factors may have an influence on credit risk. Approximately 95% (2011: 97%) 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.

Credit risk concentration profile

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

	Group			
	2012		2011	
	$'000	%	$'000	%
By country:				
Singapore	44,820	96.4	33,748	92.3
PRC	–	–	1,395	3.7
PNG	–	–	27	0.1
Europe	1,659	3.6	1,412	3.9
Total	46,479	100.0	36,582	100.0
By industry sectors:				
Construction	44,814	96.4	33,746	92.2
Property development	1	–	1,395	3.8
Sales of goods	1,664	3.6	1,441	4.0
Total	46,479	100.0	36,582	100.0

The Group's top three (2011: three) most significant customers account for $20,422,000 of the trade receivables carrying amount at 31 December 2012 (2011: $17,365,000).

Impairment losses

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

	2012		2011	
	Gross	Impairment	Gross	Impairment
	$'000	$'000	$'000	$'000
Group				
Not past due	37,669	–	33,705	–
Past due 0–30 days	7,126	24	675	–
Past due 31–60 days	276	17	512	–
More than 60 days	1,936	487	2,259	569
	47,007	528	37,151	569

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

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

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables, trade amounts due from joint ventures and investments. The component of this allowance is for specific loss that relates to individually significant exposures. As at 31 December 2012, the Group and the Company do not have any collective impairment on its loans and receivables (2011: nil).

The movement in allowances for impairment in respect of trade receivables during the year was as follows:

	Group	
	2012	2011
	$'000	$'000
At 1 January	569	111
Impairment loss recognised	8	458
Provision utlised	(49)	–
At 31 December	528	569

Cash and cash equivalents

The Group held cash and cash equivalents of $66,378,000 as at 31 December 2012 (2011: $79,845,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

(c) Liquidity risk

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

Management of liquidity risk

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

At 31 December 2012, the Group maintains the following lines of credit:

- $6,913,000 (2011: $8,084,000) of secured overdraft facilities, of which $681,000 (2011: $693,000) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $272,991,000 (2011: $186,198,000) that can be drawn down to meet short-term financing needs. An amount of $160,685,000 (2011: $95,499,000) has been drawn down at the reporting date.

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

Exposure to liquidity risk

The following are the 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	Within 1 to 5 years $'000	More than 5 years $'000
Group					
At 31 December 2012					
Trade and other payables					
Trade payables	51,494	51,494	51,494	–	–
Accrued trade payables	131,516	131,516	131,516	–	–
Accrued operating expenses and other payables	36,456	36,456	36,456	–	–
Retention sums payable	31,957	32,864	18,858	14,006	–
Loans and borrowings					
Secured bank loans	179,830	189,551	92,276	95,234	2,041
Secured loan from financial institutions	53,192	55,190	55,190	–	–
Secured bank overdrafts	681	681	681	–	–
Finance lease liabilities	1,280	1,374	462	912	–
Unsecured loan from business associates	3,104	3,104	3,104	–	–
Amounts due to related parties	20,422	20,422	20,422	–	–
Recognised financial liabilities	509,932	522,652	410,459	110,152	2,041
At 31 December 2011					
Trade and other payables					
Trade payables	48,235	48,235	48,235	–	–
Accrued trade payables	96,461	96,461	96,461	–	–
Accrued operating expenses and other payables	34,441	34,441	34,441	–	–
Retention sums payable	27,678	28,945	21,011	7,934	–
Loans and borrowings					
Secured bank loans	126,977	141,475	39,798	91,940	9,737
Secured loan from financial institutions	71,412	80,472	80,472	–	–
Secured bank overdrafts	693	693	693	–	–
Finance lease liabilities	127	138	63	75	–
Unsecured loan from business associates	1,327	1,327	1,327	–	–
Amounts due to related parties	20,353	20,353	20,353	–	–
Recognised financial liabilities	427,704	452,540	342,854	99,949	9,737

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Company					
At 31 December 2012					
Trade and other payables					
Accrued operating expenses and other payables	1,747	1,747	1,747	–	–
Amount due to related parties	420	420	420	–	–
Recognised financial liabilities	2,167	2,167	2,167	–	–
At 31 December 2011					
Trade and other payables					
Accrued operating expenses and other payables	2,141	2,141	2,141	–	–
Recognised financial liabilities	2,141	2,141	2,141	–	–

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

	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
2012				
Financial guarantees	116,616	81,328	–	197,943
2011				
Financial guarantees	102,058	56,461	6,457	164,976
Company				
2012				
Financial guarantees	135,219	115,915	–	251,134
2011				
Financial guarantees	114,402	91,277	–	205,679

(d) Market risk

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

Interest rate risk

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

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

	Group	
	2012 $'000	2011 $'000
Variable rate instruments		
Interest bearing loans and borrowings	143,935	98,584

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bp in interest rates at the reporting dates would have increased/(decreased) profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit before tax	
	100 bp Increase $'000	100 bp Decrease $'000
Group		
2012		
Variable rate instruments	(1,439)	1,439
2011		
Variable rate instruments	(986)	986

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 currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which those transactions primarily are denominated are the Renminbi ("RMB"), Singapore dollar ("SGD"), Euro ("EURO") and Swiss Franc ("CHF").

Exposure to currency risk

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

	RMB $'000	SGD $'000	EURO $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2012						
Trade and other receivables	7,227	173,158	972	639	2,171	184,167
Amounts due from related parties	13,941	6,901	–	–	295	21,137
Cash and cash equivalents	37,614	22,632	103	10	6,019	66,378
Trade and other payables	(89,331)	(205,647)	(2,920)	(808)	(4,363)	(303,069)
Loans and borrowings	(92,726)	(144,610)	–	(681)	(70)	(238,087)
Amounts due to related parties	(16,538)	(3,857)	–	(27)	–	(20,422)
Net financial (liabilities)/assets	(139,813)	(151,423)	(1,845)	(867)	4,052	(289,896)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	157,470	134,651	11,806	5,249	(3,883)	305,293
Net currency exposure	17,657	(16,772)	9,961	4,382	169	15,397
At 31 December 2011						
Trade and other receivables	9,068	127,928	943	467	2,185	140,591
Amounts due from related parties	14,682	6,098	–	–	314	21,094
Cash and cash equivalents	34,142	39,341	144	6	6,212	79,845
Trade and other payables	(57,622)	(158,537)	(2,569)	(1,116)	(3,881)	(223,725)
Loans and borrowings	(101,549)	(98,294)	–	(693)	–	(200,536)
Amounts due to related parties	(14,665)	(5,660)	–	(28)	–	(20,353)
Net financial (liabilities)/assets	(115,944)	(89,124)	(1,482)	(1,364)	4,830	(203,084)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	133,682	78,511	12,222	4,471	(4,714)	224,172
Net currency exposure	17,738	(10,613)	10,740	3,107	116	21,088

Sensitivity analysis

A 10 percent strengthening of the Singapore dollar against the following currencies at the respective reporting dates would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011 as indicated below:

	Group			
	Profit or loss (Pre-tax)	Equity	Profit or loss (Pre-tax)	Equity
	2012	2012	2011	2011
	$'000	$'000	$'000	$'000
RMB	(126)	(1,640)	(134)	(1,640)
SGD	543	1,134	28	1,033
EURO	(996)	–	(1,074)	–
CHF	(312)	(126)	(311)	–
Others	(17)	–	(11)	–

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

(e) Insurance risk

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

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

(f) Determination of fair values

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

Equity securities

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

Non-derivative financial liabilities

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

Other financial assets and liabilities

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

Fair value hierarchy

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

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

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2012				
Quoted equity securities	51	–	–	51
Unquoted equity securities	–	–	5,691	5,691
	51	–	5,691	5,742
31 December 2011				
Quoted equity securities	47	–	–	47
Unquoted equity securities	–	–	5,691	5,691
	47	–	5,691	5,738

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

	Unquoted equity securities	
	2012	**2011**
	$'000	**$'000**
Balance at 1 January	5,691	6,074
Disposal during the year	–	(383)
Balance at 31 December	5,691	5,691

Impact of changes to key assumptions in level 3 financial instruments

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

Accounting classifications and fair values

Fair values versus carrying amounts

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

	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Group							
31 December 2012							
Assets							
Trade and other receivables*	9	177,760	–	–	–	177,760	177,760
Amounts due from related parties	16	21,137	–	–	–	21,137	21,137
Other investments:							
- Club membership	10	–	–	285	–	285	285
- Unit trust	10	–	–	194	–	194	194
- Quoted equity instruments	10	–	51	–	–	51	51
- Unquoted equity instruments	10	–	5,691	–	–	5,691	5,691
Cash and cash equivalents	17	66,378	–	–	–	66,378	66,378
		265,275	5,742	479	–	271,496	271,496
Liabilities							
Amounts due to related parties	16	–	–	–	(20,422)	(20,422)	(20,422)
Trade and other payables#	20	–	–	–	(251,423)	(251,423)	(251,423)
Loans and borrowings	21	–	–	–	(238,087)	(238,087)	(227,224)
		–	–	–	(509,932)	(509,932)	(499,069)

	Note	Loans and receivables	Available-for-sale	Held-to-maturity	Liabilities at amortised cost	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
31 December 2011							
Assets							
Trade and other receivables*	9	127,571	–	–	–	127,571	127,571
Amounts due from related parties	16	21,094	–	–	–	21,094	21,094
Other investments:							
- Club membership	10	–	–	285	–	285	285
- Unit trust	10	–	–	204	–	204	204
- Quoted equity instruments	10	–	47	–	–	47	47
- Unquoted equity instruments	10	–	5,691	–	–	5,691	5,691
Cash and cash equivalents	17	79,845	–	–	–	79,845	79,845
		228,510	5,738	489	–	234,737	234,737
Liabilities							
Amounts due to related parties	16	–	–	–	(20,353)	(20,353)	(20,353)
Trade and other payables#	20	–	–	–	(206,815)	(206,815)	(206,815)
Loans and borrowings	21	–	–	–	(200,536)	(200,536)	(194,607)
		–	–	–	(427,704)	(427,704)	(421,775)

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

	Note	Loans and receivables $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Company					
31 December 2012					
Assets					
Amounts due from related parties	16	48,952	–	48,952	48,952
Cash and cash equivalents	17	85	–	85	85
		49,037	–	49,037	49,037
Liabilities					
Trade and other payables	20	–	(1,747)	(1,747)	(1,747)
Amounts due to related parties	16	–	(420)	(420)	(420)
		–	(2,167)	(2,167)	(2,167)
31 December 2011					
Assets					
Amounts due from related parties	16	53,326	–	53,326	53,326
Cash and cash equivalents	17	6,183	–	6,183	6,183
		59,509	–	59,509	59,509
Liability					
Trade and other payables	20	–	(2,141)	(2,141)	(2,141)

Interest rates used in determining fair values

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

	2012 %	2011 %
Loans and borrowings	5.38 – 6.15	5.38 – 6.65
Retention monies on construction contracts	4.83 – 10.58	5.92 – 8.75
Retention sums payable	4.83 – 10.58	5.92 – 8.75

33. Subsequent events

a) On 4 January 2013, a subsidiary of the Group, Chang De Investment Private Limited, has injected an additional capital of RMB 56.5 million (approximately SGD 11.1 million) in its subsidiary, Tiong Seng (Tianjin) Project Management & Consulting Co., Ltd. and

b) In January 2013, a subsidiary, Tianjin Xin Cheng Asset Management Co., Ltd ("Xin Cheng"), was incorporated in the People's Republic of China with a registered capital of RMB 39 million. The intended principal activity of Xin Cheng is that of asset management company.

Statistics of Shareholdings

As at 18 March 2013

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.10	340	0.00
1,000 - 10,000	511	26.25	3,569,110	0.47
10,001 - 1,000,000	1,387	71.24	115,007,650	15.01
1,000,001 AND ABOVE	47	2.41	647,462,650	84.52
TOTAL	**1,947**	**100.00**	**766,039,750**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	TIONG SENG SHAREHOLDINGS PTE LTD	451,996,600	59.00
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	54,700,200	7.14
3	WAN SENG ENTREPRISES PTE LTD	21,220,650	2.77
4	SHINGDA CONSTRUCTION PTE LTD	13,148,000	1.72
5	PECK KHEE SONG @ PECK AH TEE	8,807,000	1.15
6	UOB KAY HIAN PTE LTD	6,224,000	0.81
7	PEK AH TUAN	6,008,200	0.78
8	LEE KHAR HOON	5,500,000	0.72
9	DBS NOMINEES PTE LTD	5,446,000	0.71
10	PAY KIAN MENG GILBERT	4,520,000	0.59
11	CITIBANK NOMINEES SINGAPORE PTE LTD	3,567,000	0.47
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,518,000	0.46
13	LEE KENG LAN	3,308,600	0.43
14	LEE HONG CHUAN	3,300,000	0.43
15	ANDREW KHNG	2,929,300	0.38
16	HENG SIEW ENG	2,749,000	0.36
17	LIM KIM ENG	2,637,250	0.34
18	LOH AH LAY RICHARD	2,600,000	0.34
19	LOW SZE WEE	2,379,900	0.31
20	TEO HUAY SIONG	2,350,000	0.31
	TOTAL	**606,909,700**	**79.22**

Statistics of Shareholdings

As at 18 March 2013

SHAREHOLDERS' INFORMATION AS AT 18 March 2013

Class of shares	:	Ordinary shares
Number of Shares issued (excluding Treasury Shares)	:	766,039,750
Voting rights (excluding Treasury Shares)	:	One vote per share

TREASURY SHARES

The Company does not hold any Treasury Shares.

Shareholding of Substantial Shareholders as at 18 March 2013

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

Notes:

(1) Peck Tiong Choon (Private) Limited ("PTC") holds approximately 46.7% of the shares in Tiong Seng Shareholdings Pte Ltd ("TSS") and is therefore deemed interested in the shares held by TSS pursuant to Section 7 of the Companies Act, Cap. 50 (the "Act") and Section 4 of the Securities and Futures Act.

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

(2) Pek Ah Tuan, together with his associates, collectively holds approximately 33.6% of the shares in PTC and is therefore deemed interested in the shares held by PTC pursuant to Section 7 of the Act and Section 4 of the Securities and Futures Act.

(3) Lee It Hoe is deemed interested in the shares held by his associates, namely his mother, Lim Kim Eng (2,637,250 shares), and his brother, Lee Yew Sim (1,271,050 shares). Lee It Hoe is also deemed interested in the 21,220,650 shares held by Wan Seng Enterprises (Private) Limited ("Wan Seng") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their shares in Wan Seng. In addition, Lee It Hoe is also deemed interested in the shares held by TSS as his associates are collectively entitled to exercise control of approximately 22.9% of the shares in TSS.

Shareholdings Held in Hands of Public

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TIONG SENG HOLDINGS LIMITED (the "Company") will be held at The Pines, 30 Steven Road, Singapore 257840 on Friday, 26 April 2013 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2012 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final one-tier tax exempt dividend of 1.0 cent per ordinary share for the year ended 31 December 2012 (2011: 1.0 cent per ordinary share).

   (Resolution 2)

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

   Mr Ang Peng Koon, Patrick **(Resolution 3)**
   Mr Pay Sim Tee **(Resolution 4)**

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

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

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

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

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

5. To approve the payment of Directors' fees of S$530,000 for the year ending 31 December 2013, to be paid in arrears (2012: S$490,000).

   (Resolution 7)

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

   (Resolution 8)

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

AS SPECIAL BUSINESS

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

8. **SHARE ISSUE MANDATE**

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

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

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

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

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

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

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

[See Explanatory Note (ii)] **(Resolution 9)**

9. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE TIONG SENG SHARE AWARD SCHEME**

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

[See Explanatory Note (iii)] **(Resolution 10)**

10. **RENEWAL OF SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter 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 or quoted, through one or more duly licensed stockbrokers appointed by the Company for the 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 of the Company as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual of the SGX-ST (the "Off-Market Share Buy-Back").

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being as applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy-Back Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held; or

(ii) the date on which the purchase of Shares by the Company are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting.

(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 that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last annual general meeting of the Company was held 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 the Company in general meeting, after the date of the passing of this resolution; and

Notice of Annual General Meeting

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

where:

"Average Closing Price" means the average of the closing market prices of Shares over the last five (5) Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, preceding the day of the On-Market Share Buy-Back or, as the case may be, preceding the date of making an announcement by the Company for an offer for an Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

[See Explanatory Note (iv)] **(Resolution 11)**

By Order of the Board

Hazel Chia Luang Chew
Juliana Tan Beng Hwee
Company Secretaries

Singapore, 10 April 2013

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

(i) The effect of the Ordinary Resolutions 5 and 6 is to re-appoint Directors of the Company who are over 70 years of age.

(ii) Ordinary Resolution 9, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(iii) Ordinary Resolution 10, if passed, will empower the Directors of the Company, to allot and issue shares in the capital of the Company pursuant to the vesting of awards under the Scheme provided that the aggregate number of shares to be issued shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) Ordinary Resolution 11, 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 ten percent (10%) of the total number of issued Shares (excluding treasury shares) 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.

Notes:

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

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

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

This page is intentionally left blank.

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

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

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The Pines, 30 Stevens Road, Singapore 257840, on Friday, 26 April 2013 at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2012		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Ang Peng Koon, Patrick as a Director		
4	Re-election of Mr Pay Sim Tee as a Director		
5	Re-appointment of Mr Pek Ah Tuan as a Director		
6	Re-appointment of Mr Lee It Hoe as a Director		
7	Approval of Directors' fees amounting to S$530,000 for the financial year ending 31 December 2013		
8	Re-appointment of KPMG LLP as Auditors		
9	Share Issue Mandate		
10	Authority to allot and issue shares under the Tiong Seng Share Award Scheme		
11	Renewal of Share Buy-Back Mandates		

** Delete where inapplicable*

Dated this ____________ day of _______________ 2013

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

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

Notes:

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

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

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

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

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

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

General:

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

This page is intentionally left blank.

This page is intentionally left blank.

Annual Report Design by Fierce Design Pte Ltd
Project Photos by Darren Soh with Fierce Design
Eco-City and The Equinox Photos by Sam Kang Li

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

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

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