ASSEMBLING THE RIGHT MIX

TIONGSENG GROUP 长成控股

2014 ANNUAL REPORT

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CORPORATE PROFILE

Marking 55 years of heritage, Tiong Seng is a leading construction and civil engineering company in Singapore and a real estate developer in the People's Republic of China (China). As a BCA A1 grade contractor for both general building and civil engineering, we are qualified to undertake public sector construction projects with unlimited contract value. Our strong order book of S$1.4 billion (as at 31 December 2014) is one of the largest among listed construction companies in Singapore and demonstrates our capabilities, strength and diversity in construction.

In 2013, we were the first construction builder in Singapore to be awarded the prestigious Singapore Quality Award (SQA), testament to our commitment towards excellence in construction safety, quality, sustainability and innovation. We pride ourselves on staying ahead of the curve by being an early adopter of construction technologies including pre-cast, advanced formwork systems, Building Information Modeling (BIM) and green technology such as Cobiax.

Last year, we also extended our precast capabilities through a joint venture with Geostr Corporation, a market leader in segment production in Japan, and Marubeni-Itochu Steel to manufacture and supply precast tunnel segments. This collaboration will expand our suite of precast construction capabilities in order to target the growing niche market for precast tunnel segments in Singapore and Malaysia. Further supported by the government's push to improve the industry's productivity and innovation, we strive to assemble the right mix of construction technologies in order to build ourselves a sustainable future.

In addition to construction and civil engineering, we are also involved in property development projects in China. Focusing on 2nd and 3rd tier cities, our ongoing projects span the commercial, residential and mixed-use space.

INTEGRATING RIGOUR & INNOVATION

Hundred Trees

INTEGRATING RIGOUR & INNOVATION

REALIGNING OUR BRAND IDENTITY

Back in 2013, we started a corporate rebranding exercise to better articulate our long-standing corporate culture and values. Following our rapid expansion since listing on SGX in 2010, we recognised the importance of taking a step back in order to make further huge strides forward. Our brand promise "Integrating Rigour and Innovation" reflects our history and continued commitment to our successful combination of meticulous project planning and management with the application of innovative building solutions. As a result, we consistently achieve favourable outcomes from the buildings, infrastructure and living spaces we create.

OUR CAPABILITIES AND APPROACH

Precast construction technology

Tiong Seng has adopted precast construction technology since the mid-1990s. Over the past decade, we have worked on developing our capability further and in 2011 we invested in Singapore's very first precast automation hub. Our integrated precast facility houses precast production capabilities, formwork assembly and maintenance, training and research, as well as worker dormitories under one roof. The adoption of automated precast production technology has led to a significant 70% reduction in manpower while raising output and maintaining consistency in quality. We aim to set the industry standard and transform the way precast production is being done in Singapore.

The success of our Singapore pre-fab hub and the growing regional demand for precast construction has motivated Tiong Seng to invest in two more facilities in Iskandar, Johor, Malaysia and Myanmar. More recently in 2014, Tiong Seng entered into a joint venture with Geostr, a Japanese leader in precast tunnel segments, and Marubeni-Itochu Steel. The precast tunnel segments will be developed in our prefab hub in Iskandar and is set to tap on the growing demand for this niche business in Singapore and Malaysia.

Prefabricated Bathroom Units.

Tiong Seng has been developing and producing Prefabricated Bathroom Units (PBU) since 2005. These PBUs are constructed off-site and delivered to worksites for installation. The finishes are fixed on during the fabrication process in the factory. By shifting the fabrication and wet works off-site, PBUs can reduce the construction cycle and manpower usage by over 60%.

In the past year, the company has been developing its second generation of PBUs which will be utilizing high performance ductile concrete. This type of concrete is not only very strong and ductile, but it is also much simpler to work with.

Advanced formwork systems

Tiong Seng continues to be at the forefront of productivity and efficiency within the construction industry. With an investment of more than S$60.0 million in advanced formwork systems since 2005, the method allows for a faster set-up time, more quality output as well as cost and production efficiency compared to the conventional formwork.

Tiong Seng Prefab Hub

SUCCESSFUL COMBINATION OF METICULOUS PROJECT PLANNING & MANAGEMENT WITH THE APPLICATION OF INNOVATIVE BUILDING SOLUTIONS

INTEGRATING RIGOUR & INNOVATION

Building Information Modeling (BIM)

Tiong Seng is one of the first in the industry to pioneer the use of Building Information Modeling (BIM) in all of our projects. BIM introduces a revolutionary way to plan and manage construction projects as it allows staff to design 3-D structures virtually before the actual construction takes place. As a result, we are able to detect design and structural discrepancies in advance and hence improve the accuracy and efficiency of our projects.

Tiong Seng is the first construction company in Singapore to explore beyond the 3-D modeling capabilities of BIM to include time and cost projections as the fourth (4-D) and fifth (5-D) dimension. This method will potentially help us achieve even greater productivity and cost efficiency.

In order to equip our staff with the proper understanding and utilization of BIM, an Authorized Training Centre was established for staff at all levels.

Cobiax

Since the acquisition of Cobiax Technologies in 2010, we have successfully expanded our suite of capabilities to include environmental solutions. Cobiax reduces the volume of concrete slabs by 30% by removing unnecessary deadweight without compromising on its structural strength. This results in lower concrete usage, lighter building structures and more environmentally friendly buildings. Some of the notable projects that have used our Cobiax technology include the Parkroyal on Upper Pickering Street, The Wharf, Tree House and The Volari.

In 2014, Cobiax attained the SG Mark Platinum award in the Singapore Good Design Mark, an award that aims to encourage and champion holistic design practices.

Training Centre in Tiong Seng Prefab Hub

Our training centre is BCA approved and conducts System Formwork Installation courses to upgrade workers and supervisors to become CoreTrade Certified personal. We provide Continual Educational Training (CET) in order to keep abreast with the latest construction technology.

On top of that, we have recently been recognised as a MOM Accredited Training Provider which allows us to conduct Construction Safety Orientation Courses to other construction companies. This is testament to our depth of experience in the industry and our ability to provide quality training to our staff as well as our peers.

OUR PEOPLE

We believe in the importance of investing in our most valuable resource: our people. As such, Tiong Seng has set up initiatives such as staff orientation, knowledge management and the "Charge Hand Grooming Programme" to mentor, train and provide workers with the opportunity to grow their strengths within the organisation.

The company actively engages its employees through various activities such as our annual SAFRA Bay run, where we have made up the run's largest single contingent since 2010. The company also has other team bonding activities such as our annual companywide bowling tournaments and our own dragon boat team.

OUR COMMUNITY

Apart from our pursuit of excellence within the construction industry, Tiong Seng strives to give back to our community by supporting smaller enterprises under Spring Singapore's Partnerships for Capability Transformation (PACT) Initiative. Through PACT, Tiong Seng contributes ideas in our areas of expertise such as productivity, development of capability and opportunities for the adoption of innovative solutions. The company is involved in the ASPIRE programme as we believe in working closely together with our Polytechnic and Institute of Technical Education (ITE) to offer relevant training and career opportunities for our graduates.

LETTER TO SHAREHOLDERS

We are pleased to share that we successfully secured a record S$932.0 million worth of projects this year

Mr Pek Ah Tuan
Non-Executive Chairman

Dear shareholders,

2014 in a nutshell

Driven by strong demand for public housing, institutional developments and major infrastructure projects, a historical high value of S$37.7 billion was achieved in 2014 for the construction industry in Singapore. This has benefited Tiong Seng as we are pleased to share that we successfully secured a record S$932.0 million worth of projects this year. These contract wins include building projects such as the Panorama condominium by Wheelock Properties, an executive condominium at Choa Chu Kang Grove by MCL Land and a high-tech industrial facility for Mapletree Industrial Trust. Apart from building projects, we also expanded our focus this year into the civil engineering space as demand for civil engineering projects overtook that of building construction. This year, we won ourselves two civil engineering projects for the construction of the Stamford Diversion Canal from Public Utilities Board, and another for the construction of Great World Station and tunnels for the Thomson Line. These civil engineering projects contribute one third of the total value of projects secured in 2014 and collectively brings our order book to S$1.4 billon as at the end of 2014, extending till 2020.

Last year, we successfully completed various projects such as the SIM HQ's campus extension project, the NTUC Warehouse development project and Connexion, a joint venture project with Samsung.

Our regional expansion of our precast capabilities also continues to be on track with both our plants in Malaysia and Myanmar commencing production in 2014. Of notable mention, however, is our joint venture to manufacture and supply precast tunnel segments with Geostr Corporation, a market leader in segment production in Japan, and Marubeni-Itochu Steel. This collaboration will allow us to expand our portfolio of precast construction capabilities in order to target the growing niche market for precast tunnel segments in Singapore and Malaysia, driven by a steady pipeline of infrastructure and civil engineering projects in the coming year.

Building capabilities that shape the industry

The Building and Construction Authority (BCA) has been actively pushing to transform the construction industry, with specific emphasis on productivity. More recently in March 2015, the BCA injected an additional S$450 million to the existing Construction Productivity and Capability Fund (CPCF) which is expected to benefit over 7,000 companies in the built environment sector over the next three years. In addition, new legislation was introduced to drive the adoption of construction technology such as the requirement to use Prefabricated Bathroom Units (PBUs) for all non-landed residential Government Land Sale sites.

Known for staying ahead of the construction industry in terms of technological expertise, Tiong Seng has been adopting the PBU technology in our projects since 2005. PBUs


Hillview & Cashew stations for Downtown Line 2

are first constructed off-site before installation on-site and this has enabled us to improve productivity and ensuring timely delivery of projects. In the past year, we further developed this capability by introducing our second generation of PBUs which utilises high performance ductile concrete that allows greater flexibility and construction efficiency.

The introduction of a second generation of PBUs in addition to our existing suite of competencies in precast, Cobiax and advanced formwork demonstrates our commitment towards the improvement of productivity. Going forward, we are confident that our balanced portfolio of construction technologies comprises the right mix that will strengthen our building capabilities and sharpen our competitive edge.

Moving ahead with renewed commitment

Alongside our suite of construction technologies, we recognise the vital need to integrate rigour and innovation in order to remain at the forefront of our industry. This will help ensure continuous growth as we look to build upon our heritage.

Since our listing on SGX in 2010, Tiong Seng has experienced rapid corporate and financial expansion with our top-line and headcount growing more than 50% over the past five years. 2014 marked our 55th anniversary and to that end, we completed a corporate rebranding exercise in order to reflect and articulate our rich history and guiding principles. This rebranding exercise also realigns our staffs to the core values that define our success today.

Our brand promise "Integrating Rigour and Innovation" reflects the corporate culture that forms the hallmark of success for Tiong Seng. Our rigour in work is apparent as we remain meticulous in the planning and execution of projects. More importantly, we continue to innovate our construction technologies to stay ahead of the industry. We hope to continue attracting and developing top talents while promoting a work culture that emphasises diligent planning, forward-thinking and knowledge sharing as the core elements for our continued success.

Financial highlights

For the full year ended 31 December 2014 (FY2014), revenue increased 2.1% year-on-year (yoy) to S$668.8 million supported by higher construction activity. As at 31 December 2014, we maintained a resilient balance sheet with cash and cash equivalents of S$95.0 million while net cash outflow from operating activities stood at S$1.7 million.

Due to the tepid real estate sector in China, we continue to adopt a prudent and proactive approach with regards to our property development business. As a result, we made an allowance for diminution of development properties of S$34.6 million in FY2014. Excluding the S$34.6 million allowance for diminution in value for property development and an additional one-off impairment on intangible assets of S$1.6 million, the Group achieved profit from operating activities of S$13.8 million in FY2014.

LETTER TO SHAREHOLDERS

Our construction business

Our construction business contributed to 93.8% of FY2014 revenue, with a 8.9% yoy increase to S$627.5 million. In accordance to the Group's revenue recognition policy, work done amounting to S$14.3 million from newly commenced projects has yet to be recognized as revenue as of FY2014.

After achieving strong construction demand in 2014, the BCA expects total construction activity in 2015 to fall moderately to the range of S$29.0 to S$36.0 billion. Construction activity in the private sector is similarly expected to slow down to a range of S$11.0 billion to S$15.0 billion in 2015 as compared to S$18.0 billion in 2014 due to weak private home sales and uncertainties in the global economy.

Despite the estimated decline in overall construction demand going forward, the industry continues to be supplemented by a steady pipeline of industrial, institutional and civil engineering projects. Supported by our extensive construction expertise and ability to adapt to the ever evolving construction climate, we are confident that we are well positioned to secure more tenders in the growing civil engineering space while remaining committed to improving work productivity and efficiency.

Our property development business in PRC

Revenue from the Group's property development segment declined 53.5% yoy. Revenue was contributed mainly from the sale recognition of 70 units (13,403 sqm) of terrace from Equinox and 28 units (4,193 sqm) of residential from Sunny International Project respectively. As at 31 December 2014, approximately S$75.7 million of gross development value were sold but yet to be recognized in accordance to the Group's revenue recognition policy.

The Chinese government has taken steps to spur property sales and construction. Of the 45 cities that had implemented home purchase restrictions, 41 lifted the restriction this year. Despite the loosening of cooling measures in most Chinese cities, other legislations such as new tax policies and measures to stem official corruption have been introduced. Starting from March 1 2015, the Ministry of Land and Resources will require real estate owners to register one's property under a national registration system.

As a result, we are cautiously optimistic about the real estate environment in China in the short term as the above changes in regulations may potentially continue to weigh down on real estate demand. In the meantime, we continue to take proactive measures as well as adopt prudence in our operations management to ride out the storm.

Appreciation

On behalf of the Board, I would like to state our appreciation to our partners, business associates, customers and staff for their continued dedication and support. In particular, we are also pleased to recommend a final dividend per share of 0.2 Singapore cents to reward our shareholders for their continued pledge of confidence in us.

OUR BRAND PROMISE "INTEGRATING RIGOUR AND INNOVATION" RECOGNISES THE CORPORATE CULTURE THAT FORMS THE HALLMARK OF SUCCESS FOR TIONG SENG

After leading and growing Tiong Seng from strength to strength over the past 55 years, I will be stepping down from my role as Non-Executive Chairman at the Annual General Meeting scheduled on 24 April 2015. I would like to extend a warm welcome to the incoming Non-Executive Chairman, Mr Ong Lay Khiam. Mr Ong has been on the board since the Company was first listed in February 2010 and I believe that the Group will definitely benefit from his vast experiences previously accumulated in his banking career as well as his five years tenure with the Group.

As one of the founding members of Tiong Seng, I am proud to have witnessed an era of transformation to a regional construction company that it is today. Under the stewardship of the new Chairman Mr Ong Lay Khiam and Chief Executive Officer Mr Pek Lian Guan, I am confident that I leave Tiong Seng in good hands to bring the Group to greater heights.

Mr Pek Ah Tuan
Non-Executive Chairman

The Luxurie

PROJECT LIST

COMPLETED PROJECTS

As at 31 December 2014, Tiong Seng's order book stands at S$1.4 billion and is expected to extend to 2020. S$932.0 million worth of new projects from industrial, residential and commercial sectors were won during the year.

Projects that Tiong Seng has completed in 2014 include:

SIM Campus
Client: Singapore Institute of Management

Connexion
Client: Singapore HealthPartners Pte Ltd

NTUC Fairprice Warehouse & Office
Client: NTUC Fairprice Cooperative Pte Ltd

ONGOING PROJECTS

RESIDENTIAL

Executive Condominium at Choa Chu Kang Grove
Client: MCL Land (Brighton) Pte Ltd

The Panorama
Client: Pinehill Investments Pte Ltd c/o Wheelock Properties

The Springside
Client: Kallang Development Pte Ltd

ECO Sanctuary
Client: S P Setia International (S) Pte Ltd

HAUS @ Serangoon Garden
Client: Sparkland Holdings Pte Ltd c/o City Developments Limited

The Luxurie
Client: Keppel Land Realty Approx Contract

The Archipelago
Client: United Venture Development (Bedok) Pte Ltd

PUBLIC HOUSING

Woodland Neighbourhood Contract 29 & 30
Client: Housing & Development Board

Waterway Terraces I @ Punggol
Client: Housing & Development Board

Waterway Terraces II @ Punggol
Client: Housing & Development Board

COMMERCIAL

Mediapolis @ One North
Client: Mediacorp Pte Ltd (Kajima – Tiong Seng JV)

INDUSTRIAL

One HP
Client: Mapletree Industrial Trust Management Ltd

The Equinix
Client: Mapletree Industrial Trust Management Ltd

CIVIL ENGINEERING

Contract C913 – Hillview & Cashew Station
Client: Land Transport Authority

Stamford Diversion Canal Contract 2
Client: Public Utilities Board

Contract T220 – Great World Station
Client: Land Transport Authority

PROPERTY DEVELOPMENT PROJECTS IN CHINA

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

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

  7 phases of development with the expected completion of the different phases ranging from 2014 to 2017

- **Sunny International, Cangzhou, by Cangzhou Huashi Property Development**

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

  4 phases of development with last phase completed in 2014

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

  Residential comprising terrace houses and apartments: 87,220 sqm , over a land area of 86,000 sqm

  2 phases of development with expected completion in 2015 and 2016 respectively

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

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

  Planning currently in progress

- **Eco-City, Tianjin, Via a 9% investment in a joint venture with the master developer of Eco-City, Tianjin, Sino-Singapore Tianjin Ecocity Investment and Development Co. Ltd and Mitsui Fudosan**

  Residential: 101,200 sqm over a land area of 63,000 sqm

- **Wenchang Baihui, an investment property in Yangzhou, by Jiangsu Huiyang Construction Development**

  Retail: 15,000 sqm (saleable area and a remaining lease period of 27 years)

Moving forward, Tiong Seng will focus on the sales and development of its existing projects in China.

Eco-City, Tianjin

Tranquility Residence, Suzhou

The Equinox, Tianjin

SINGAPORE QUALITY AWARD for business excellence 2013 WINNER

SINGAPORE INNOVATION CLASS

RoSPA 2014 GOLD Award

In 2014, Tiong Seng won several awards for our continued focus on delivering high quality projects while concurrently ensuring workplace safety and innovation.

2 Construction Excellence Award

Volari, Marina Bay Finance Centre Phase 2 Commercial - Tower 3

3 Construction Productivity Award

NUS Kent Vale II Staff Housing, Hundred Trees, Tiong Seng Contractors Pte Ltd

1 FIABCI Prix D' Excellence Awards

Tiong Seng Contractors Pte Ltd

8 Occupational Health & Safety Achievement Award

Punggol West Contract 20, Punggol West Contract 22, Treehouse, The Glynderbourne, The Luxurie, Hundred Trees, SIM, HAUS

1 President's Design Award Singapore 2013

Tiong Seng Contractors Pte Ltd

INDUSTRY-WIDE RECOGNITION FOR OUR BUILDING CAPABILITIES

Treehouse

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 had contributed significantly to the early stages of our Group's development. Mr Pek was appointed to our Board of Directors on 24th February 2010 and was last re-appointed on 28th April 2014.

Mr Pek Lian Guan
Executive Director and Chief Executive Officer

Mr Pek Lian Guan started his career at Tiong Seng Contractors upon his graduation from Loughborough University of Technology, United Kingdom, with a Bachelor of Civil Engineering (First Class Hons) in 1989. In 1993, he was appointed as the Director of Tiong Seng Contractors and soon became the Deputy Managing Director in 1997. Mr Pek has over 22 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the region. Under his guidance, Tiong Seng has come to champion the use of advanced construction technology and green practices across its businesses for better productivity and efficiency. Mr Pek currently advises as a member of various productivity 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 15th April 2008 and was last re-elected on 28th April 2014.

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 24th February 2010 and was last re-elected on 26th April 2013.

Mr Lee It Hoe
Non-Executive Director

Mr Lee It Hoe had previously worked in Tiong Seng Contractors as a projects management executive back in the early 1960s; coupled with his extensive experience in the brokerage industry, his business acumen is expected to be an asset to our Group. He holds a Diploma in Building Construction from Singapore Polytechnic in 1968. Mr Lee was appointed to the Board on 24th February 2010 and was last re-appointed on 28th April 2014.

Mr Ong Lay Khiam
Lead Independent Director

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

Mr Ong is currently an Honourary Council Member of the Singapore Chinese Chamber of Commerce and Industry and a member of the Investment Committee of the Chinese Development Assistance Council. He also serves on the boards of two companies listed at the Singapore Exchange as Independent Director.

Mr Ong holds a First Class Honours degree in Accountancy from the Nanyang University and a Master Degree in Accounting and Finance from the London School of Economics and Political Science, University of London. Mr Ong was appointed to our Board of Directors on 24th February 2010 and was re-elected on 28th April 2014.

BOARD OF DIRECTORS

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 Singapore LLP, and heads the firm's Regional Practices. He has had 25 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, Alliance Technology & Development 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), PineTree Town Club, Fort Canning Country Club, Crown Prince Hotel and Chew Eu Hock Holdings Ltd.

Mr Ang has been consistently recognised internationally, in Asia and in Singapore as a leading lawyer in his field in consecutive years by Asian Legal Business Legal Who's Who Singapore, AsiaLaw Leading Lawyers, Asia Law & Practice, Asialaw Profiles, International Who's Who of Insolvency and Restructuring Lawyers, Euromoney Guide To The World's Leading Insolvency and Restructuring Lawyers, International Financial Law Review 1000, Asia Pacific Legal 500 and Chambers Global – The World's Leading Lawyers. In addition, he is also a lecturer in Civil Procedure and Insolvency at the Postgraduate Practice Law Course and a regular speaker at conferences/seminars, and an Exco Member on a sub-committee of Tripartitie Alliance for Fair Employment Practices. He is also an independent director of SMRT Corporation Ltd 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 24th February 2010 and was last re-elected on 26th April 2013.

SENIOR MANAGEMENT

Mr Pek Dien Kee

Head of Asset Management

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

Mr Pay Teow Heng

Project Director

Mr Pay Teow Heng has 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 subsidiary, 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 has been with the company since 1981 and is in charge of corporate and Workplace Safety and Health matters for the Group. His experience spans across general, site management and coordination in managing of civil engineering and building construction projects in Singapore and India. He is also heading the BCA certified Overseas Training Centre in Myanmar. He currently sits on the board of various organisations outside our Group and is also the immediate past president of Singapore Contractors Association Limited. Mr Khng obtained an Advance Diploma in Business Management from the University of Bradford (MDIS) in 1997.

Mr Choo Hong Chun

Chief Financial Officer

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

Mr Ong Chun Tiong

General Manager, Tianjin, PRC

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

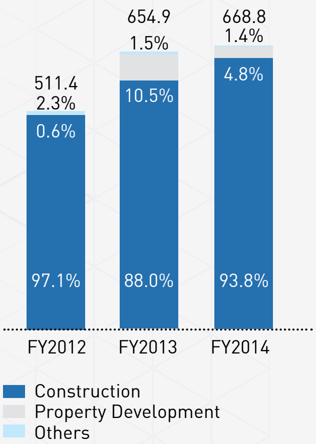
Mr Bao Jian Feng

General Manager, Jiangsu, PRC

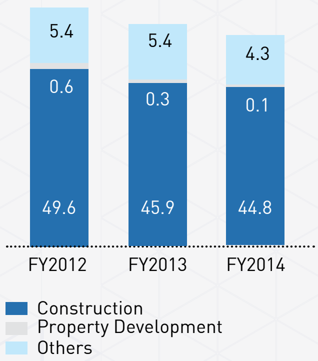
Mr Bao Jian Feng has been the General Manager of our Group for our subsidiaries in the Jiangsu Province, PRC, since 1996 and is mainly in charge of Jiangsu Huiyang. Mr Bao has more than 20 years of experience in general management. Prior to joining Tiong Seng Contractors, Mr Bao was the deputy general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

FINANCIAL HIGHLIGHTS

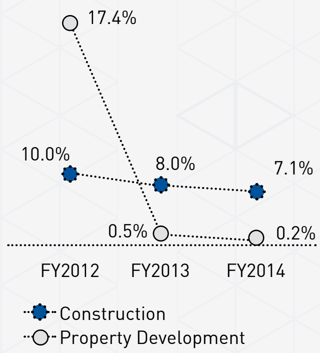
Revenue (SGD'MIL)



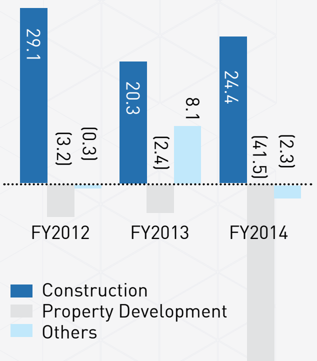
Gross Profit (SGD'MIL)



Gross Profit Margin

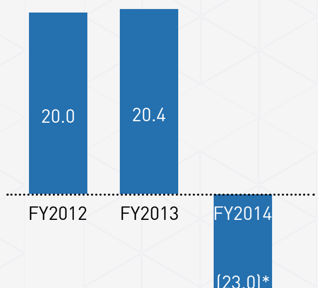


Reportable Segment Profit Before Income Tax (SGD'MIL)



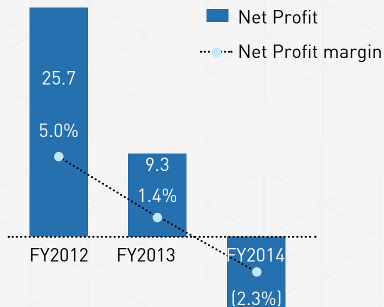
* General Corporate activities is not included in each reportable segment results

Profit/ (Loss) from Operating Activities before jv, associate & tax (SGD'MIL)



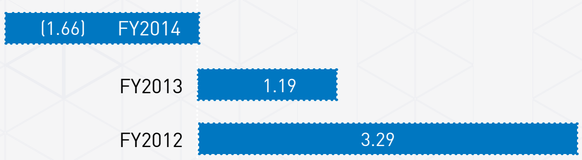
* includes S$34.6 million allowance for diminution in value for property development

Net Profit/ (Loss) Attributable to Shareholders (SGD'MIL)

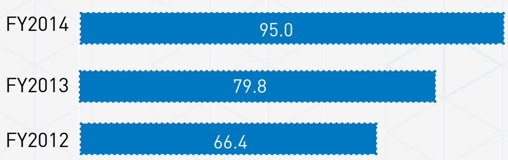


* includes S$34.6 million allowance for diminution in value for property development less S$11.8 million shared by minority shareholders

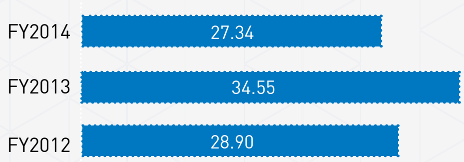
Earning/ (Loss) Per Shares (CENTS)



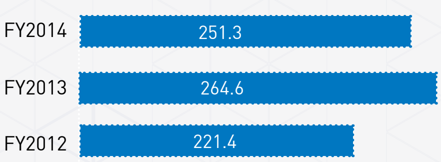
Cash and Cash Equivalents (SGD'MIL)



Net Asset Value Per Share (cents)



Shareholders Equity (SGD'MIL)



ORDER BOOK $1.4 BILLION

DURING THE YEAR, THE GROUP SECURED $932.0 MILLION OF NEW CONTRACTS. THESE ARE EXPECTED TO BE COMPLETED BY 2020.

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 - 2014
  - Won 8 awards
  Awarded by Royal Society for the Prevention of Accidents (UK)

- RoSPA Occupational Health and Safety Award
  - Won a total of 18 awards in 2012 and 2013
  Awarded by Royal Society for the Prevention of Accidents (UK)

- BCA Design & Engineering Safety Excellence Award 2013
  Awarded by Building and Construction Authority Singapore

- Workplace Safety and Health SHARP Award - 2012
  Awarded by Workplace Safety and Health Council

QUALITY

- BCA Construction Excellence Award - 2014
  - Won 2 Awards

- BCA Construction Excellence Award
  - Won 3 Awards in 2012 and 1 award in 2013

- BCA Quality Excellence Award (Quality Champion) - 2013
  Awarded by Building and Construction Authority Singapore

BUSINESS EXCELLENCE

- Business Excellence Singapore Quality Award (SQA) - 2013
  Awarded by Spring Singapore

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

ENVIRONMENTAL SUSTAINABILITY

- Skyrise Greenery Award - 2013
  Awarded by Nparks

- I-Care Award 2012
  Awarded by CapitaLand Limited

- BCA Green Mark Award
  - Won 2 Awards in 2012

INNOVATION

- SG Mark Platinum - Cobiax 2014
  Awarded by Singapore Good Design Mark

- FIABCI Prix D' Excellence Awards - 2014

- President's Design Award Singapore 2013

- SCAL Workplace Safety and Health Innovation Award - 2012
  Awarded by Singapore Contractors Association Limited

PRODUCTIVITY

- Construction Productivity Award - 2014
  - 3 Awards
  Awarded by Building and Construction Authority Singapore

- Construction Productivity Award - 2013
  - 2 Awards
  Awarded by Building and Construction Authority Singapore

- Construction Productivity Award - 2012
  - 2 Awards
  Awarded by Building and Construction Authority Singapore

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 Yeo Poh Noi Caroline
Ms Tan San-Ju

SHARE REGISTRAR

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

AUDIT COMMITTEE

CHAIRMAN
Mr Ong Lay Khiam

MEMBERS
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick

NOMINATING COMMITTEE

CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Pek Lian Guan
Mr Ong Lay Khiam

REMUNERATION COMMITTEE

CHAIRMAN
Mr Ang Peng Koon, Patrick

MEMBERS
Mr Lee It Hoe
Mr Ong Lay Khiam

AUDITORS

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

PARTNER-IN-CHARGE

Ms 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

CORPORATE GOVERNANCE

The Board of Directors ("Board") of Tiong Seng Holdings Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance with the aim to protect and enhance shareholders' value and the financial performance of the Group. The Company recognizes that good corporate governance processes are essential for enhancing corporate sustainability.

This report describes the corporate governance framework and practices that the Group has adopted with reference to the 2012 Code of Corporate Governance (the "Code") , and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), focusing on areas such as internal control, risk management, financial reporting, internal and external audits.

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

(A) Board Matters

Principle 1: The Board's Conduct of Affairs

The Board is primarily responsible for overseeing and supervising the management of the business affairs of the Group and Board members are expected to bring their diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics, and to act in good faith and exercise independent judgment in the best interests of the Group.

The function of the Board includes:

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

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

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

(iv) evaluating the adequacy and effectiveness of internal controls and risk management systems, including safeguarding of shareholders' interests and the company's assets;

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

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

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

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

(i) All announcements to be released to the SGX-ST;

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

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

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

(v) Convening of shareholders' meetings;

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

Management will bring to Directors' attention, information on seminars that may be of relevance or of use to them. As part of their continuing education, the Directors, whether as a group or individually, attend relevant external courses and seminars to keep themselves apprised of and updated on the latest changes in areas pertaining to regulatory, legal and commercial risks, amongst others, at the Company's expenses. The Directors and senior management staff had in January 2014 attended a training on enterprise risk management conducted by the internal auditors.

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

Details of the number of meetings of the Board and Board Committees held in the financial year ended 31 December 2014 ("FY2014"), 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	4/4	4/4	–	2/2
Ong Lay Khiam	4/4	4/4	1/1	2/2
Ang Peng Koon, Patrick	3/4	3/4	1/1	2/2

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

The Board as at 27 March 2015 comprises six directors, one-third of whom is independent, as follows:

Pek Ah Tuan	(Non-executive Chairman)
Pek Lian Guan	(Executive Director & Chief Executive Officer)
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") on an annual basis to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary skills sets and core competencies for effective decision making. The Board is of the opinion that its current board size of six Directors is appropriate, taking into account the nature and scope of the Group's operations.

As a group, the Directors bring with them a broad range of expertise in areas, such as, legal, accounting, finance, management experience, industry knowledge, customer-based experience and knowledge as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views. Information on each Director's academic and professional qualifications, industry knowledge, shareholdings, relationships (if any) and, directorship is presented in the sections entitled "Board of Directors" and "Directors' Report" of this Annual Report.

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

Every independent Board member is required to disclose any relationships or appointments which would impair their independence to the Board on a timely manner. The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Code's definition of an independent director and guidelines as to relationships which would deem a director not to be independent. The NC had reviewed the independence of each Director for FY2014 and is satisfied that at least one-third of the Board comprises Independent Directors.

None of the Independent Directors have served on the Board of the Company for a period exceeding nine years. As and when Independent Directors serve beyond nine years, the NC performs a particularly rigorous review to assess the independence of the relevant Directors.

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

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

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making such that no one individual represents a considerable concentration of authority, the roles of Non-executive Chairman and CEO are separate.

The Non-executive Chairman, Mr 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. The Chairman, Mr Pek Ah Tuan, is responsible for the workings of the Board and with the assistance of the CEO, manages the business of the Board and ensures that the directors receive complete, adequate and timely information relating to the Group's operations and businesses.

CORPORATE GOVERNANCE

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

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.

The Lead Independent Director, Mr Ong Lay Khiam, is available to address concerns, if any, of the Company's shareholders. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, CEO or Chief Financial Officer ("CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors, including the Lead Independent Director, meet at least annually without the presence of the other Executive and Non-independent Directors to discuss matters of significance which are thereon reported to the Board accordingly.

Principle 4: Board Membership

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

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

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

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

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

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

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

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

6. to assess the effectiveness of the Board as a whole; 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 candidate's skills, knowledge and experience, gender, assessment of candidates' suitability and recommendation for nomination to the Board. No new director was appointed in the last financial year.

Although the Non-executive Director and Independent Directors hold directorships in other listed companies and/or have other principal commitments, the NC is satisfied that sufficient time and attention was given by the Directors to the affairs of the Group and is of the view that such multiple board representations do not hinder their ability to carry out their duties as Directors of the Company. The Board affirms and supports this view. While there are no guidelines to address the competing time commitments faced by Directors serving on multiple boards, the Board has concurred with the NC's recommendation to fix the maximum number of board representations on listed companies and other principal commitments for each Director at 5. Any appointment beyond the number of "5", the NC would review and determine if that particular Director is able to and has been adequately carrying out his duties as a Director of the Company.

CORPORATE GOVERNANCE

Currently, no Director has appointed an Alternate Director.

In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, taking into account the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews are set up with potential candidates for the NC members to assess them, before a decision is reached. The NC also oversees the re-appointment of Directors in accordance with the requirements of the Companies Act, Cap. 50.

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

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

The NC has recommended the nomination of Mr Ang Peng Koon, Patrick and Mr Pay Sim Tee for re-election 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, will retire at the forthcoming AGM. The NC has recommended the nomination of 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 Lee It Hoe will be offering himself for re-appointment at the forthcoming AGM.

Mr Pek Ah Tuan had given notice that he will not be seeking re-appointment as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, at the forthcoming AGM scheduled for 24 April 2015. Upon his cessation as a Director of the Company at the conclusion of the AGM, Mr Pek Ah Tuan shall ipso facto cease as Chairman of the Board.

The Board and Management wish to convey their appreciation to Mr Pek Ah Tuan for his invaluable guidance and contribution to the Group over the years. Upon the recommendation of the NC, the Board approved the appointment of Mr Pek Ah Tuan as Founding Chairman of the Company upon his retirement on 24 April 2015.

The Board had also approved the appointment of Mr Ong Lay Khiam, Independent Director, as Chairman of the Board after the retirement of Mr Pek Ah Tuan.

The reconstitution of the Board would be announced after the AGM.

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

Principle 5: Board Performance

The NC has established a process for assessing the effectiveness of the Board as a whole. Board performance evaluation is carried out on an annual basis to assess and evaluate the Board's size, composition, and expertise, independence, the Board's access to information as well as Board accountability and processes. The results of the performance evaluation will be reviewed by the NC before reporting to the Board. The Board and the NC ensure that Directors appointed to the Board possess the relevant experience, knowledge and skills critical to the Group's business, so as to enhance the core competencies of the Board. No external facilitator had been engaged by the Board for this purpose. The NC and the Board were generally satisfied with the results of the Board performance evaluation for FY2014.

CORPORATE GOVERNANCE

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

Principle 6: Access to Information

The Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully aware of and understand the decisions and actions of Management. In addition, the Board receives from Management quarterly management reports which present a balanced and understandable assessment of the Group's financial performance, position and prospects.

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

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

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

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

(B) Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

1. to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and to review and recommend to the Board the specific remuneration packages and terms of employment for each Director, key management personnel of the Group and employees related to Directors or, controlling shareholders of the Group; and

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.

CORPORATE GOVERNANCE

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

If required, the RC will from time to time seek advice from external consultants, who are unrelated to the Directors or any organisation they are associated with, on remuneration matters and remuneration of the Directors' and key management personnel. The Company has not appointed any remuneration consultants for FY2014.

Principle 8: Level and Mix of Remuneration

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

The RC also reviews all matters concerning the remuneration of the Independent Directors and Non-Executive Directors to ensure that the remuneration commensurate with the effort, time spent and responsibilities of the Directors. The Directors' fee are payable to all the Directors except for the CEO.

The RC had recommended to the Board an amount of S$397,000 as Directors' fee for the financial year ending 31 December 2015, 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, is for a period of 3 years, and may be terminated with 6 months' notice in writing served by either party.

No Director is involved in deciding his own remuneration.

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

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

The Company has in place a Share Award Scheme administered by the RC. To-date, no awards have been granted under the Scheme. Details of the Scheme are disclosed under Annex J of the Company's IPO prospectus dated 7 April 2010.

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

CORPORATE GOVERNANCE

Principle 9: Disclosure on Remuneration

The annual remuneration level and mix of each individual Director for FY2014 is set out as follows:

	Basic Salary	Bonus, AWS and Profit Sharing	Other Benefits	Director's Fees	Total	
	%	%	%	%	%	S$'000
Executive Directors						
Pek Lian Guan	97	0	3	0	100	442
Pay Sim Tee	74	15	2	9	100	453
Non-executive Directors						
Pek Ah Tuan	0	0	7	93	100	375
Lee It Hoe	0	0	0	100	100	40
Ong Lay Khiam	0	0	0	100	100	50
Ang Peng Koon, Patrick	0	0	0	100	100	50

Mr Pek Dien Kee, son of Mr Pek Ah Tuan (the Board Chairman) and brother of Mr Pek Lian Guan (the CEO and an Executive Director), was employed as the Head of Asset Management and a director of a subsidiary of the Group, Tiong Seng Contractors (Private) Limited. He has received remuneration comprising salary and annual bonus in the salary band of between S$450,000 to S$500,000 during FY2014.

The aggregate remuneration paid to the top 5 key management personnel (who are not Directors or the CEO) in FY2014 was S$1,672,000. However, the remuneration of the top 5 key management personnel (who are not Directors or the CEO) is not disclosed in the bands of S$250,000 and on a named basis as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of the individual key management personnel is disadvantageous to its business interest, given the scarcity of talents and highly competitive industry conditions that it is operating in.

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

(C) Accountability and Audit

Principle 10: Accountability

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

Financial results are released on a quarterly basis to shareholders within the timeline stipulated in the SGX- ST Listing Manual. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards 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 a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospect. This is supplemented by regular updates on matters affecting the financial performance, business of the Group, if any.

CORPORATE GOVERNANCE

Principle 11: Risk Management and Internal Controls

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

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Board, Management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2014.

Principle 12: Audit Committee

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

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

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

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors.

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

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

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

CORPORATE GOVERNANCE

The AC assesses the independence of the external auditors annually. The AC had reviewed and is satisfied that the non-audit services provided by the external auditors in FY2014 did not affect the independence or objectivity of the external auditors. The amount of non-audit fees paid to the external auditors in respect of FY2014 was S$68,144. The AC, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as auditors at the forthcoming AGM.

Details of the fees of the external auditors of the Company for FY2014 are as follows:

	FY2014 $'000	FY2013 $'000
Fees paid/payable to external auditors for:		
- Audit services	384	350
- Non-audit services	68	154

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

Principle 13: Internal Audit

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

PwC has been appointed as internal auditor to carry out the internal audit function The internal auditor reports directly to the AC Chairman and has full access to all documents, records, properties and personnel of the Group. The role of the internal auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

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

The AC assesses the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the 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.

CORPORATE GOVERNANCE

(D) Shareholder Rights and Responsibilities

Principle 14: Shareholders Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

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, effective and fair communication with its shareholders. The Company disseminates all material price-sensitive information and quarterly results to its shareholders via SGXNET and Company's website www.tiongseng.com.sg on a non-selective basis. and through press releases on a timely basis.

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

Shareholders have the opportunity to participate effectively and to vote in the AGMs/General Meetings either in person or by appointing up to two proxies. In General Meetings, shareholders are given the opportunity to proactively engage with the Board and Management regarding the Group's business activities and operations, financial performance and other business related matters.

All Directors, in particular, the Chairman of the Board and Chairpersons of the AC, NC and RC are usually present at the AGMs/General Meetings to address shareholders' queries. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders about the conduct of the audit and the preparation and content of the auditors' report.

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

Dividend Policy

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

Dealings in Securities

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

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

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

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

CORPORATE GOVERNANCE

Interested Person Transactions

The Company has adopted an internal policy governing the procedures for the identification, approval and monitoring of interested person transactions ("IPTs"). All IPTs are subject to review by the AC to ensure that they are carried out on normal commercial terms or entered into on arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders.

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

The aggregate value of IPTs entered into during FY2014 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 Transport (Pte) Ltd	S$4,372,000[1]	S$7,045,000

(1) For financial period prior to the IPT Mandate obtained at the EGM held on 28 April 2014

Material Contracts

Saved for the Service Agreement entered with the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Directors or controlling shareholders during or at the end of FY2014.

Update on Use of Proceeds

The Company has progressively announced via SGXNET on the utilization of the net proceeds raised from the rights issue amounting to S$27.4 million (the "Proceed"). During the financial year, the Company has fully utilized the Proceed with detailed disclosures on its utilization via SGXNET on 17 December 2014 and 30 December 2014.

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 2014.

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	7,209,840
- deemed interests	53,769,200	64,523,040
Pek Lian Guan[1]		
The Company		
- ordinary shares		
- deemed interests	2,000,000	2,400,000
Ong Lay Khiam		
The Company		
- ordinary shares		
- interests held	530,000	636,000

DIRECTORS' REPORT

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	572,550,660
Ang Peng Koon, Patrick		
The Company		
- ordinary shares		
- interests held	530,000	530,000

1 Mr Pek Lian Guan is deemed interested in $250,000 in principal amount of the Company's 4.75 per cent fixed rate medium term notes due in January 2018 held by his spouse.

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 2015.

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 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 re-appointment.

On behalf of the Board of Directors

Pek Ah Tuan
Director

Pek Lian Guan
Director

27 March 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 43 to 118 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 2014 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

27 March 2015

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 2014, 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 43 to 118.

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.

INDEPENDENT AUDITORS' REPORT

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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	4	86,998	87,052	–	–
Intangible assets	5	3,523	6,307	–	–
Investment properties	6	16,205	17,999	–	–
Subsidiaries	7	–	–	59,624	59,624
Associates and joint ventures	8	23,263	25,903	–	–
Trade and other receivables	9	23,520	33,872	–	–
Other investments	10	6,148	6,018	–	–
Deferred tax assets	11	3,334	3,921	–	–
		162,991	181,072	59,624	59,624
Current assets					
Inventories	12	2,173	2,714	–	–
Construction work-in-progress	13	50,917	43,519	–	–
Development properties	14	441,023	390,296	–	–
Trade and other receivables	9	199,795	225,115	9	10,037
Amounts due from related parties	15	40,826	27,069	126,161	44,871
Cash and cash equivalents	16	94,974	79,812	10,397	26,465
		829,708	768,525	136,567	81,373
Total assets		992,699	949,597	196,191	140,997
Equity attributable to owners of the Company					
Share capital	17	181,947	154,552	181,947	154,552
Reserves	18	(54,768)	(34,822)	(45,850)	(18,455)
Retained earnings/(Accumulated losses)		124,111	144,918	(16,656)	(7,778)
		251,290	264,648	119,441	128,319
Non-controlling interests	33	45,430	46,301	–	–
Total equity		296,720	310,949	119,441	128,319
Non-current liabilities					
Trade and other payables	19	20,765	15,847	–	–
Loans and borrowings	20	178,013	93,582	73,730	1,000
Deferred tax liabilities	11	3,840	3,565	–	–
		202,618	112,994	73,730	1,000
Current liabilities					
Progress billings in excess of construction work-in-progress	13	7,054	1,480	–	–
Trade and other payables	19	340,046	331,477	2,020	1,510
Amounts due to related parties	15	18,360	26,038	–	8,968
Loans and borrowings	20	119,674	158,455	1,000	1,200
Current tax payable		8,227	8,204	–	–
		493,361	525,654	3,020	11,678
Total liabilities		695,979	638,648	76,750	12,678
Total equity and liabilities		992,699	949,597	196,191	140,997

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Revenue			
Revenue from construction contracts	21(a)	627,480	576,145
Revenue from sales of development properties	21(b)	31,968	68,720
Revenue from sales of goods		8,000	8,939
Rental income		1,306	1,111
		668,754	654,915
Other income	22(a)	5,185	16,021
Costs of construction contracts	21(a)	(582,719)	(530,272)
Costs of sales of development properties		(31,915)	(68,386)
Costs of goods sold		(4,940)	(4,692)
Allowance for diminution in value of development properties	14	(34,573)	–
Depreciation and amortisation		(6,282)	(5,855)
Selling expenses		(3,686)	(4,047)
Staff costs	22(c)	(18,416)	(21,594)
Other expenses	22(b)	(13,853)	(13,106)
		(696,384)	(647,952)
(Loss)/Profit from operating activities		(22,445)	22,984
Finance income	23	4,934	3,118
Finance costs	23	(5,472)	(5,740)
Net finance costs		(538)	(2,622)
Share of loss of associate and joint ventures, net of tax		(1,635)	(64)
(Loss)/Profit before tax		(24,618)	20,298
Tax expense	24	(5,008)	(11,422)
(Loss)/Profit for the year		(29,626)	8,876
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		5,982	11,604
Exchange differences on monetary items forming part of net investment in a foreign operation		2,506	1,843
Foreign currency translation difference on liquidation of subsidiary reclassified to profit and loss		–	2,139
Net change in the fair value of available-for-sale investments		(1)	(11)
Related tax	24	–	2
Other comprehensive income for the year, net of tax		8,487	15,577
Total comprehensive income for the year		(21,139)	24,453

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
(Loss)/Profit attributable to:			
Owners of the Company		(15,279)	9,321
Non-controlling interests		(14,347)	(445)
(Loss)/Profit for the year		(29,626)	8,876
Total comprehensive income attributable to:			
Owners of the Company		(7,830)	23,561
Non-controlling interests		(13,309)	892
Total comprehensive income for the year		(21,139)	24,453
Earnings per share			
- Basic and diluted (cents)	25	(1.66)	1.19

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

		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 2013		154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	9,321	9,321	(445)	8,876
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	10,267	–	10,267	1,337	11,604
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	1,843	–	1,843	–	1,843
Foreign currency translation difference on liquidation of subsidiary reclassified to profit and loss		–	–	–	–	–	2,139	–	2,139	–	2,139
Net change in the fair value of available-for-sale investments		–	–	–	–	(11)	–	–	(11)	–	(11)
Tax on other comprehensive income		–	–	–	–	2	–	–	2	–	2
Total other comprehensive income		–	–	–	–	(9)	14,249	–	14,240	1,337	15,577
Total comprehensive income for the year		–	–	–	–	(9)	14,249	9,321	23,561	892	24,453
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of rights, net of expenses		–	–	27,395	–	–	–	–	27,395	–	27,395
Dividends declared	17	–	–	–	–	–	–	(7,660)	(7,660)	–	(7,660)
Capital contribution by non-controlling interest		–	–	–	–	–	–	–	–	26	26
Total transactions with owners of the Company		–	–	27,395	–	–	–	(7,660)	19,735	26	19,761
At 31 December 2013		154,552	(77,720)	29,283	3,564	16	10,035	144,918	264,648	46,301	310,949

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	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
At 1 January 2014		154,552	(77,720)	29,283	3,564	16	10,035	144,918	264,648	46,301	310,949
Total comprehensive income for the year											
Loss for the year		–	–	–	–	–	–	(15,279)	(15,279)	(14,347)	(29,626)
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	4,944	–	4,944	1,038	5,982
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	2,506	–	2,506	–	2,506
Net change in the fair value of available-for-sale investments		–	–	–	–	(1)	–	–	(1)	–	(1)
Total other comprehensive income		–	–	–	–	(1)	7,450	–	7,449	1,038	8,487
Total comprehensive income for the year		–	–	–	–	(1)	7,450	(15,279)	(7,830)	(13,309)	(21,139)
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends declared	17	–	–	–	–	–	–	(5,515)	(5,515)	(98)	(5,613)
Reclassification of reserves to share capital	18	27,395	–	(27,395)	–	–	–	–	–	–	–
Acquisition of non-controlling interest without a change in control		–	–	–	–	–	–	(13)	(13)	13	–
Capital contribution by non-controlling interest		–	–	–	–	–	–	–	–	12,523	12,523
Total transactions with owners of the Company		27,395	–	(27,395)	–	–	–	(5,528)	(5,528)	12,438	6,910
At 31 December 2014		181,947	(77,720)	1,888	3,564	15	17,485	124,111	251,290	45,430	296,720

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
(Loss)/Profit from operating activities		(22,445)	22,984
Adjustments for:			
Allowance for diminution in value of development properties	22(b)	34,573	–
Depreciation and amortisation		13,348	15,511
Impairment loss on trade receivables	22(b)	459	68
Impairment loss on intangible assets	22(b)	1,656	–
Gain on disposal of:			
- property, plant and equipment	22(a)	(270)	(23)
- investment properties	22(a)	(683)	(8,133)
Gain on liquidation of a joint venture	22(a)	(16)	–
Write off of property, plant and equipment	22(b)	13	–
		26,635	30,407
Changes in:			
Inventories		420	19
Construction work-in-progress		(1,797)	21,836
Development properties		(64,799)	(696)
Trade and other receivables		28,260	(62,511)
Balances with related parties (trade)		3,089	862
Trade and other payables		11,672	34,764
Cash generated from operations		3,480	24,681
Tax paid		(5,737)	(18,267)
Tax refunded		551	–
Net cash (used in)/from operating activities		(1,706)	6,414
Cash flows from investing activities			
Balances with related parties (non-trade)		(4,015)	(3,680)
Balances with holding company (non-trade)		2,420	(2,420)
Dividends received from joint ventures		3,816	10,995
Dividend received from available-for-sale financial assets		1	4
Investment in a joint venture		(2,860)	–
Interest received		562	625
Proceeds from disposal of:			
- property, plant and equipment		464	111
- investment properties		1,950	8,946
- other investments		–	3,849
Proceeds from liquidation of a joint venture		94	–
Purchase of:			
- other investments		(130)	(3,646)
- property, plant and equipment		(9,582)	(14,728)
- intangible assets		(1,020)	(872)
Net cash used in investing activities		(8,300)	(816)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Cash flows from financing activities			
Balances with related parties (non-trade)		(9,488)	(64)
Capital contribution by non-controlling interests		122	26
Repayment of loan to non-controlling interest		(996)	(2,577)
Increase in deposits pledged		(17,778)	(1,515)
Decrease/(Increase) in restricted cash		8,530	(4,589)
Dividends paid to:			
- owners of the Company		(5,515)	(7,660)
- non-controlling interests		(98)	–
Interest paid		(9,962)	(16,122)
Proceeds from issue of rights		10,026	17,551
Proceeds from issue of multicurrency medium term note		73,541	–
Payments of finance lease liabilities		(957)	(586)
Proceeds from loans and borrowings		218,823	162,970
Repayment of loans and borrowings		(246,700)	(157,980)
Net cash from/(used in) financing activities		19,548	(10,546)
Net increase/(decrease) in cash and cash equivalents		9,542	(4,948)
Cash and cash equivalents at beginning of the year		44,977	49,282
Effect of exchange rate changes on balances held in foreign currencies		(1,310)	643
Cash and cash equivalents at end of the year	16	53,209	44,977

Significant non-cash transactions

During the financial year, the Group purchased property, plant and equipment, amounting to $10,531,000 (2013: $16,353,000), of which $949,000 (2013: $1,625,000) was acquired under finance lease arrangement.

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 27 March 2015.

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 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (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 have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with 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.

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment 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 realisable amounts of development properties
Note 21	–	Revenue and costs recognition from construction contracts and development properties
Note 21(a)	–	Recoverability of construction costs
Note 24	–	Estimation of provisions for current and deferred taxation

NOTES TO THE FINANCIAL STATEMENTS

Measurement of fair values

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

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

Significant valuation issues are reported to the Group Audit Committee.

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

Note 6 – investment properties;
Note 10 – other investments; and
Note 32 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The adoption of FRS 110 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Joint arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The adoption of FRS 111 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see note 7 and note 33) and associates and joint venture (see note 8).

Disclosure of recoverable amount for non-financial assets

From 1 January 2014, as a result of the *Amendments to FRS 36: Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*. The Group has expanded its disclosures of recoverable amounts when an impairment is recognised (see note 5).

Offsetting of financial assets and financial liabilities

Under the *Amendments to FRS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendments to FRS 32 has no significant impact on the presentation of financial assets and financial liabilities on the statement of financial position of the Group and the Company.

3. Significant accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

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.

The Group measures goodwill at the acquisition date as:

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

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

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

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

Any contingent consideration payable is recognised at fair value at the 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.

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

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, unless another measurement basis is required by FRSs.

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to 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 Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

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

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

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

Transactions eliminated on consolidation

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

Subsidiaries, associates and joint ventures in the separate financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

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 the differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Foreign operations

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Subsequent costs

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

Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

3.4 Intangible assets and goodwill

Goodwill

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

Subsequent measurement

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

Other intangible assets

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

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

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

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

Patented technology

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

Licence fee

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

Computer software

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

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. 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: loans and receivables and available-for-sale financial assets.

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, trade and other receivables and amounts due from related parties.

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

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 other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, 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.

NOTES TO THE FINANCIAL STATEMENTS

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, trade and other payables and amounts due to related parties.

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, including an interest in an associate and joint venture, 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(s) has occurred after the initial recognition of the asset, and that the loss event(s) has impact 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.

NOTES TO THE FINANCIAL STATEMENTS

Loans and receivables

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

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised 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 cumulative 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.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.7 (see below). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

3.8 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".

NOTES TO THE FINANCIAL STATEMENTS

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 estimated costs necessary to make the sale.

3.11 Club memberships

Club memberships are measured at cost less accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

When entities within the Group are lessees of an operating lease

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

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

When entities within the Group are lessors of an operating lease

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

NOTES TO THE FINANCIAL STATEMENTS

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. When 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.

3.16 Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

3.17 Finance income and finance costs

Finance income comprises interest income on funds 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, amortisation of borrowings related costs, 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 joint ventures to the extent that the Group is able to control the timing of the reversal of temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflect the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.19 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 CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

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

3.21 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

Group	Leasehold land $'000	Freehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Cost									
At 1 January 2013	5,557	4,983	37,510	46,307	47,646	5,083	7,124	–	154,210
Additions	–	54	3,950	6,292	4,637	455	636	329	16,353
Disposals	–	–	–	(105)	(121)	(50)	(120)	–	(396)
Effects of movements in exchange rates	–	(201)	(8)	(1,134)	–	54	(463)	(5)	(1,757)
At 31 December 2013	5,557	4,836	41,452	51,360	52,162	5,542	7,177	324	168,410
Additions	–	–	–	5,823	1,801	1,149	645	1,113	10,531
Disposals	–	–	–	(785)	(32)	(30)	(214)	–	(1,061)
Write-off	–	–	–	–	–	(67)	(63)	–	(130)
Effects of movements in exchange rates	–	(126)	21	122	(10)	(61)	94	4	44
At 31 December 2014	5,557	4,710	41,473	56,520	53,921	6,533	7,639	1,441	177,794
Accumulated depreciation and impairment losses									
At 1 January 2013	551	–	5,604	21,776	34,077	3,120	4,706	–	69,834
Depreciation for the year	105	–	1,161	5,040	5,197	842	703	–	13,048
Disposals	–	–	–	(89)	(109)	(14)	(96)	–	(308)
Effects of movements in exchange rates	–	–	(1)	(871)	–	9	(353)	–	(1,216)
At 31 December 2013	656	–	6,764	25,856	39,165	3,957	4,960	–	81,358
Depreciation for the year	104	–	707	4,884	3,035	881	690	–	10,301
Disposals	–	–	–	(636)	(18)	(27)	(186)	–	(867)
Write-off	–	–	–	–	–	(61)	(56)	–	(117)
Effects of movements in exchange rates	–	–	7	83	(4)	(33)	68	–	121
At 31 December 2014	760	–	7,478	30,187	42,178	4,717	5,476	–	90,796
Carrying amounts									
At 1 January 2013	5,006	4,983	31,906	24,531	13,569	1,963	2,418	–	84,376
At 31 December 2013	4,901	4,836	34,688	25,504	12,997	1,585	2,217	324	87,052
At 31 December 2014	4,797	4,710	33,995	26,333	11,743	1,816	2,163	1,441	86,998

NOTES TO THE FINANCIAL STATEMENTS

The depreciation for the year is analysed as follows:

	Group	
	2014	2013
	$'000	$'000
Depreciation for the year	10,301	13,048
Depreciation included in construction work-in-progress	(7,066)	(9,656)
Depreciation charged to profit or loss	3,235	3,392

Impairment test

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

Assets held under finance lease

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

	Group	
	2014	2013
	$'000	$'000
Plant and machinery	2,132	1,348
Motor vehicles	1,026	864
	3,158	2,212

Security

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

NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 January 2013	10,115	263	545	10,923
Additions	855	–	17	872
Effect of movements in exchange rates	255	–	8	263
At 31 December 2013	11,225	263	570	12,058
Additions	1,017	–	3	1,020
Effect of movements in exchange rates	(293)	–	5	(288)
At 31 December 2014	11,949	263	578	12,790
Accumulated amortisation and impairment losses				
At 1 January 2013	3,599	92	86	3,777
Amortisation for the year	1,761	36	57	1,854
Effect of movements in exchange rates	116	–	4	120
At 31 December 2013	5,476	128	147	5,751
Amortisation for the year	1,841	35	59	1,935
Impairment losses	1,656	–	–	1,656
Effect of movements in exchange rates	(76)	–	1	(75)
At 31 December 2014	8,897	163	207	9,267
Carrying amounts				
At 1 January 2013	6,516	171	459	7,146
At 31 December 2013	5,749	135	423	6,307
At 31 December 2014	3,052	100	371	3,523

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

Impairment test

As at 31 December 2014, the Group performed an impairment review to assess the recoverable amount of its patented technology. The recoverable amounts of the cash-generated units ("CGU") (comprising manufacturing CGU and licensing CGU) were based on their value-in-use. Based on the assessment of value-in-use, the carrying amounts of the manufacturing CGU and licensing CGU were determined to be higher than its recoverable amounts and an impairment loss of $1,384,000 (2013: nil) and $272,000 (2013: nil) were recognised respectively.

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

- Earnings before taxes, depreciation and amortisation represent net cash flows;
- The estimated revenue included in the cash flow projections for years 2015 to 2019 have been based on average growth rate of 0.5% (2013: 14%) per annum;
- Inflation rate of 2% (2013: 2%) is projected for the expected variable costs; and
- A pre-tax discount rate of 7.7% (2013: 9.5%) was applied in determining the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

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

As at 31 December 2014, the recoverable amounts of the CGUs were as follows:

	Group $'000
Recoverable amount:	
- manufacturing CGU	1,698
- licensing CGU	1,354
	3,052

6. Investment properties

	Group $'000
Cost	
At 1 January 2013	21,749
Disposals	(626)
Effect of movements in exchange rates	1,236
At 31 December 2013	22,359
Disposals	(1,455)
Effect of movements in exchange rates	762
At 31 December 2014	21,666
Accumulated depreciation and impairment losses	
At 1 January 2013	3,728
Depreciation for the year	609
Disposals	(184)
Effect of movements in exchange rates	207
At 31 December 2013	4,360
Depreciation for the year	1,112
Disposals	(188)
Effect of movements in exchange rates	177
At 31 December 2014	5,461
Carrying amounts	
At 1 January 2013	18,021
At 31 December 2013	17,999
At 31 December 2014	16,205

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

NOTES TO THE FINANCIAL STATEMENTS

Management had assessed the recoverable amounts of the investment properties based on fair values. The fair value of the investment properties as at 31 December 2014 is $45,351,000 (2013: $40,751,000).

Determination of fair value

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

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

Investment properties leased out under operating leases

The Group leases out investment properties under operating leases. Each of the leases is generally for a period within one year, and subsequent renewals are negotiated at prevailing market rate and terms.

Minimum lease receivables

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

	Group	
	2014	2013
	$'000	$'000
Within one year	257	249

Securities

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

7. Subsidiaries

	Company	
	2014	2013
	$'000	$'000
Unquoted shares in subsidiaries, at cost	59,624	59,624

NOTES TO THE FINANCIAL STATEMENTS

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors")[1] and its subsidiaries:	Construction works	Singapore	100	100
Steeltech Industries Pte. Ltd. ("Steeltech")[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
TSC Innovative Builder Pte. Ltd.[1]	Sub-contracting works and provision of training services	Singapore	100	100
Cobiax Technologies (Asia) Pte Ltd[1]	General contractors and sub-contracting works	Singapore	100*	–
Robin Village International Pte. Ltd. ("Robin Village International")[1]	Investment holding	Singapore	100	100
Robin Village Development Pte. Ltd.[1] and its subsidiary:	Pre-casting	Singapore	100	100
Robin Village Sdn. Bhd.[7]	Pre-casting	Malaysia	100	100
Jet-Scan Private Limited[1]	Construction contractor	Singapore	100	100
Cobiax Technologies AG[3] and its subsidiaries:	Construction technology company specialising in bi-axial lightweight slab system	Switzerland	90	90
Cobiax Technologies GmbH (Austria)[9]	Construction technology company specialising in bi-axial lightweight slab system	Republic of Austria	87	87

NOTES TO THE FINANCIAL STATEMENTS

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group 2014 %	Effective equity interest held by the Group 2013 %
Cobiax Technologies Limited (UK)[9]	Construction technology company specialising in bi-axial lightweight slab system	United Kingdom	90	90
Cobiax Technologies GmbH (Germany)[9]	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*
Chang De Investment Private Limited ("Chang De")[1] and its subsidiaries:	Investment holding	Singapore	100	100
Suzhou Huisheng Construction Development Co., Ltd. ("Suzhou Huisheng")[4] and its subsidiaries:	Property development	People's Republic of China ("PRC")	100	100
Jiangsu Huiyang Construction Development Co., Ltd. ("Huiyang")[5] and its subsidiary:	Property development	PRC	55	55
Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd.[5]	Commercial property management and real estate mediatory services	PRC	55	55
Tianjin Zizhulin Development Co., Ltd. ("Zizhulin")[6] and its subsidiaries:	Property development	PRC	80	80
Tianjin Tianmen Jinwan Property Development Co., Ltd. ("Jinwan")[6]	Property development	PRC	50	50
Tianjin Zizhulin Investment Co., Ltd. ("Chuang Zhan")[6] and its subsidiaries:	Investment holding	PRC	66	66
Cangzhou Huashi Property Development Co., Ltd. ("Cangzhou Huashi")[6]	Property development	PRC	41	41

NOTES TO THE FINANCIAL STATEMENTS

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
Tiong Seng (Tianjin) Project Management and Consultancy Co., Ltd.[6]	Construction project management	PRC	99	99
Tianjin Jiashi Asset Management Co., Ltd ("Jiashi")[6] and its subsidiary:	Asset management	PRC	66	66
Tianjin Xin Cheng Asset Management Co., Ltd ("Xin Cheng")[6]	Asset management	PRC	66	66
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang")[6] and its subsidiary:	Property development	PRC	64	64
Ealdorman (Tianjin) Hotel Management Co., Ltd[6]	Clubhouse and consultancy services	PRC	64	64
Suzhou Changhe Investment and Development Co., Ltd. ("Changhe")[8]	Property development	PRC	100	100
Tiong Seng Properties (Private) Limited ("TSP")[1]	Investment holding	Singapore	100	100
Yuan Ching Development Pte Ltd[1]	Real estate development	Singapore	100	100

* During the year, Cobiax Technologies (Asia) Pte Ltd was transferred from a subsidiary, Cobiax Technologies AG, to another subsidiary, Tiong Seng Contractors (Private) Limited, within the Group.

1 *Audited by KPMG LLP, Singapore*
2 *Audited by HLB Niugini, PNG*
3 *Audited by KPMG AG, Switzerland*
4 *Audited by Suzhou Chung Hwei Certified Public Accountants Co., Ltd., PRC*
5 *Audited by Yangzhou Huicheng Union Certified Public Accountants, PRC*
6 *Audited by Tianjin Ruitai Certified Public Accountants Co., Ltd., PRC*
7 *Audited by KPMG, Malaysia*
8 *Audited by Suzhou Rui Ya Certified Public Accountants Co., Ltd., PRC*
9 *Not required to be audited in accordance with the law of the country of incorporation.*

NOTES TO THE FINANCIAL STATEMENTS

8. Associates and joint ventures

	Group 2014 $'000	Group 2013 $'000
Interest in associate	–	–
Interests in joint ventures	1,063	3,703
	1,063	3,703
Loan to a joint venture	22,200	22,200
	23,263	25,903

The loan to a joint venture is unsecured and bears interest from 1.50% to 1.54% (2013: 1.50% to 1.78%) 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.

Associate

Detail of the associate is as follows:

Name of associate	Principal Activities	Country of Incorporation	Effective equity interest held by the Group 2014 %	Effective equity interest held by the Group 2013 %
Fierce (Suzhou) Co., Ltd.	Advertising and related business	PRC	40	40

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

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

	2014 $'000	2013 $'000
Assets and liabilities		
Total assets	123	119
Total liabilities	(389)	(375)
Results		
Revenue	–	–
Expenses	–	–
Profit after taxation	–	–

There were no capital commitments and contingent liabilities as at 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

Joint ventures

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 2014 %	2013 %
Incorporated joint ventures				
Sindia Consortium Pte. Ltd.[1]	Other investment holdings	Singapore	–	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
Geostr-RV Pte. Ltd.[4]	Construction works	Singapore	44	–
Unincorporated joint ventures				
Samsung-Tiong Seng Joint Venture (partnership) [5]	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
Kajima-Tiong Seng Joint Venture (partnership) [3]	Building construction	Singapore	20	20
GS E&C – TSC JV (partnership) [4]	Construction works	Singapore	30	30
Samsung-Tiong Seng Joint Venture (partnership) [4]	Building construction	Singapore	45	45
Tiong Seng-Dongah Joint Venture (partnership) [4]	Construction works	Singapore	66	–

1 Audited by PriceWaterhouse Coopers LLP, Singapore and was liquidated in 2014
2 Audited by Ramasamy Koteswara Rao & Co
3 Audited by Smalley and Co.
4 Audited by KPMG LLP, Singapore
5 Audited by RSM Chio Lim Stone Forest

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

2014	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Samsung-Tiong Seng Joint Venture (partnership) $'000	Individually immaterial joint ventures $'000	Total $'000
Revenue	10,700	56,904	43,582		
(Loss)/Profit after tax/ Total comprehensive income[a]	(1,979)	73	(8,140)		
Non-current assets	204	8,410	5,646		
Current assets[b]	149,753	20,333	43,821		
Non-current liabilities[c]	(147,728)	(2,802)	(4,509)		
Current liabilities[d]	(2,818)	(16,699)	(60,310)		
Net (liabilities)/assets	(589)	9,242	(15,352)		
Group's interest in net assets/(liabilities) of investee at beginning of the year	417	2,751	(3,245)	3,780	3,703
Share of total comprehensive income	(594)	22	(3,663)	2,551	(1,684)
Dividends received during the year	–	–	–	(3,816)	(3,816)
Group's contribution during the year	–	–	–	2,860	2,860
Carrying amount of interest in investee at end of the year	(177)	2,773	(6,908)	5,375	1,063

2013	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Samsung-Tiong Seng Joint Venture (partnership) $'000	Individually immaterial joint ventures $'000	Total $'000
Revenue	1,805	84,414	141,151		
(Loss)/Profit after tax/ Total comprehensive income[a]	(204)	(1,905)	727		
Non-current assets	44	7,142	5,647		
Current assets[b]	156,377	30,268	46,718		
Non-current liabilities[c]	(152,202)	(3,701)	(4,509)		
Current liabilities[d]	(2,829)	(24,540)	(55,067)		
Net assets/(liabilities)	1,390	9,169	7,211		
Group's interest in net assets/(liabilities) of investee at beginning of the year	478	3,323	(3,572)	12,664	12,893
Share of total comprehensive income	(61)	(572)	327	2,111	1,805
Dividends received during the year	–	–	–	(10,995)	(10,995)
Carrying amount of interest in investee at end of the year	417	2,751	(3,245)	3,780	3,703

NOTES TO THE FINANCIAL STATEMENTS

(a) includes:
- depreciation and amortisation of $1,000 (2013: $78,000).
- interest expense of $nil (2013: $976,000).
- tax credit of $168,000 (2013: $75,000).

(b) includes cash and cash equivalents of $25,662,000 (2013: $29,207,000).

(c) includes non-current financial liabilities (excluding trade and other payables and provisions) of $155,039,000 (2013: $160,411,000).

(d) includes current financial liabilities (excluding trade and other payables and provisions) of $65,285,000 (2013: $66,444,000).

The Group's share of commitment has been included in note 27(a), and contingent liabilites are disclosed in note 29.

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

9. Trade and other receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current					
Retention monies on construction contracts		23,520	33,872	–	–
		23,520	33,872	–	–
Current					
Trade receivables		48,330	51,050	–	–
Less: Allowance for impairment loss on trade receivables	32(b)	(661)	(309)	–	–
		47,669	50,741	–	–
Advances to suppliers:					
- trade		3,097	6,179	–	–
- non-trade		152	143	–	–
Accrued receivables		67,734	100,548	–	–
Retention monies on construction contracts		65,156	48,016	–	–
Deposits and prepayments		3,181	3,198	9	11
Tax prepayments		2,942	977	–	–
Other receivables		9,864	15,313	–	10,026
		199,795	225,115	9	10,037
Total		223,315	258,987	9	10,037

Included in other receivables as at 31 December 2013 was rights issue receivable amounting to $10,026,000. In 2014, the amount was fully received.

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

NOTES TO THE FINANCIAL STATEMENTS

10. Other investments

	Group 2014 $'000	Group 2013 $'000
Club membership, at cost	347	285
Available-for-sale financial assets		
Quoted equity investments, at fair value	41	42
Unquoted equity investments, at cost	8,709	8,640
Impairment losses	(2,949)	(2,949)
	5,760	5,691
	6,148	6,018

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 2014 $'000	Group 2013 $'000
At 1 January and 31 December	2,949	2,949

NOTES TO THE FINANCIAL STATEMENTS

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 2013	Recognised in profit or loss (note 24)	Effects of movements in exchange rates	At 31 December 2013	Recognised in profit or loss (note 24)	Effects of movements in exchange rates	At 31 December 2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Property, plant and equipment	152	–	–	152	–	–	152
Investment properties	247	(46)	–	201	(78)	6	129
Trade and other payables	–	154	–	154	10	–	164
Inventories	96	–	–	96	–	–	96
Estimated benefit on loss carry forward	6,533	(3,243)	184	3,474	(594)	78	2,958
Unabsorbed capital allowances	(2)	–	–	(2)	–	–	(2)
	7,026	(3,135)	184	4,075	(662)	84	3,497
Deferred tax liabilities							
Property, plant and equipment	(1,756)	(1,299)	–	(3,055)	(573)	–	(3,628)
Intangible assets	(796)	298	–	(498)	299	–	(199)
Other receivables	(18)	18	–	–	–	–	–
Trade and other payables	(90)	(47)	(29)	(166)	–	(10)	(176)
Unremitted earnings	–	–	–	–	–	–	–
	(2,660)	(1,030)	(29)	(3,719)	(274)	(10)	(4,003)

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	
	2014	2013
	$'000	$'000
Deferred tax assets	3,334	3,921
Deferred tax liabilities	(3,840)	(3,565)

NOTES TO THE FINANCIAL STATEMENTS

Unrecognised deferred tax assets

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

	Group	
	2014	**2013**
	$'000	**$'000**
Deductible temporary differences	27,928	–
Tax losses	57,068	39,714
	84,996	39,714

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 $52,339,000 (2013: $28,847,000) which expire in 5 to 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 may not be probable that future taxable profit will be available against which the Group can utilise the benefits thereform.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $16,669,000 (2013: $22,412,000) of certain overseas subsidiaries for the year ended 31 December 2014 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	
	2014	**2013**
	$'000	**$'000**
Raw materials	2,173	2,714

In 2014, raw materials recognised as cost of sales amounted to $3,261,000 (2013: $4,171,000).

13. Construction work-in-progress

	Group	
	2014	**2013**
	$'000	**$'000**
Costs incurred	1,708,804	1,568,153
Attributable profits less recognised losses	115,718	136,731
	1,824,522	1,704,884
Progress billings	(1,780,659)	(1,662,845)
	43,863	42,039
Represented by:		
Construction work-in-progress	50,917	43,519
Progress billings in excess of construction work-in-progress	(7,054)	(1,480)
	43,863	42,039

NOTES TO THE FINANCIAL STATEMENTS

The followings were capitalised in construction work-in-progress during the year:

	Group	
	2014	2013
	$'000	$'000
Depreciation of property, plant and equipment	7,066	9,656
Staff costs	65,254	58,343
	72,320	67,999

14. Development properties

	Group	
	2014	2013
	$'000	$'000
Completed properties held for sale	30,880	9,286
Properties under development	439,259	381,010
	470,139	390,296
Allowance for diminution in value	(29,116)	–
	441,023	390,296
Borrowing costs capitalised during the year	11,202	13,017

Borrowing costs of the Group have been capitalised at rates ranging from 3.42% to 16.00% (2013: 3.28% to 16.00%) per annum for development properties.

All development properties are located in the PRC.

The change in allowance for diminution in value in respect of development properties during the year is as follows:

	Group	
	2014	2013
	$'000	$'000
At 1 January	–	–
Allowance recognised	34,573	–
Allowance utilised	(6,645)	–
Translation differences on consolidation	1,188	–
	29,116	–

NOTES TO THE FINANCIAL STATEMENTS

An allowance for diminution in value of $34,573,000 (2013: nil) was made due to market condition.

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. Changes in the estimates of the costs to completion and the estimated selling price would also have an effect on the determination of diminution in value for each project. Such allowance requires the use of judgement and estimates.

Where the expectation is different from the original estimate, the carrying value and allowance for diminution in value on properties in the period in which such estimate is changed will be adjusted accordingly. In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcome in terms of costs and revenue may be higher or lower than estimated at the reporting date. Any increase or decrease in the 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 20.

15. Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade amounts due from:				
- corporate shareholder	–	160	–	–
- joint ventures	632	700	–	–
- affiliated corporation	233	245	–	–
	865	1,105	–	–
Non-trade amounts due from:				
- affiliated corporations	86	83	–	–
- joint ventures	10,536	8,505	–	–
- non-controlling interests	15,345	14,790	–	–
- subsidiaries	–	–	126,161	44,871
- holding company	–	2,420	–	–
	25,967	25,798	126,161	44,871
Loans to non-controlling interests	13,994	166	–	–
	13,994	166	–	–
Total amounts due from related parties	40,826	27,069	126,161	44,871

NOTES TO THE FINANCIAL STATEMENTS

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, holding company and subsidiaries are unsecured, interest-free and repayable on demand.

The non-trade amounts due from non-controlling interests are unsecured, interest-free and repayable on demand except for amounts of $12,703,000 (2013: $12,244,000) which are secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests.

The loans to non-controlling interests comprise:

(i) an amount of $12,401,000 (2013: nil) which bears interest at 12% per annum and is secured by the non-controlling interests' shares in a subsidiary, Guangang. The amount is repayable in August 2015;

(ii) an amount of $474,000 (2013: $166,000) which is secured, interest-free and repayable on demand; and

(iii) an amount of $1,119,000 (2013: nil) which is unsecured, interest-free and repayable within the next 12 months.

Amounts due to related parties

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade amounts due to:				
- a corporate shareholder	(378)	(142)	–	–
- an affiliated corporation	(4,991)	(2,941)	–	–
	(5,369)	(3,083)	–	–
Non-trade amount due to holding company	–	(8,548)	–	(8,548)
	–	(8,548)	–	(8,548)
Dividend payable to owner of the Company	–	(420)	–	(420)
Loans from non-controlling interests	(12,991)	(13,987)	–	–
	(12,991)	(14,407)	–	(420)
Total amounts due to related parties	(18,360)	(26,038)	–	(8,968)

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

NOTES TO THE FINANCIAL STATEMENTS

16. Cash and cash equivalents

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Cash at banks and in hand		57,367	59,530	10,397	26,465
Fixed deposits		37,607	20,282	–	–
		94,974	79,812	10,397	26,465
Bank overdrafts used for cash management purposes	20	–	(2,920)		
Deposits pledged		(37,158)	(18,778)		
Restricted cash		(4,607)	(13,137)		
Cash and cash equivalents in the statement of cash flows		53,209	44,977		

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 0.27% (2013: 0.32%) per annum.

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

17. Share capital

	Company 2014 No of shares	Company 2014 $'000	Company 2013 No of shares	Company 2013 $'000
Issued and fully paid ordinary shares, with no par value				
At 1 January and 31 December	919,247,700	181,947	766,039,750	154,552

153,207,950 new ordinary shares were issued in 2014 by the Company pursuant to the right issues (note 18) which were fully subscribed.

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

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit/loss attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2014 was in loss of 6.1% (2013: profit of 3.5%) due to the $34.6 million allowance for diminution in value of development properties. The Board also monitors the level of dividends paid to ordinary shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Dividends

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

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Paid by the Company to owners of the Company		
0.6 cent per qualifying ordinary share (2013: 1 cent)	5,515	7,660

	Group	
	2014	**2013**
	$'000	**$'000**
Paid by a subsidiary to a non-controlling interest		
$2.0 per qualifying ordinary share (2013: nil)	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	
	2014	**2013**
	$'000	**$'000**
0.2 cent per qualifying ordinary share (2013: 0.6 cent)	1,838	5,515

18. Reserves

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Merger reserve	(77,720)	(77,720)	(45,850)	(45,850)
Capital reserve	1,888	29,283	–	27,395
Statutory reserve	3,564	3,564	–	–
Fair value reserve	15	16	–	–
Foreign currency translation reserve	17,485	10,035	–	–
	(54,768)	(34,822)	(45,850)	(18,455)

NOTES TO THE FINANCIAL STATEMENTS

Merger reserve

Group

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

Company

The merger reserve represents the difference between the cost of acquisition of the Tiong Seng Contractors combined group, recorded in accordance with paragraph 13 of FRS 27 *Separate Financial Statements*, and the paid up capital of the Company issued for the acquisition.

Capital reserve

Group

The Group's 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.

Group and Company

On 27 December 2013, the Group undertook a rights issue of 153,207,950 new ordinary shares at an issue price of $0.18 for each rights share pursuant to the renounceable non-underwritten rights issue on the basis of one rights share for every five ordinary shares in the capital of the Company. As at 31 December 2013, rights issue amounting to $27,577,000 were fully paid before they were issued ("prepaid capital contributions") and these were classified as equity instruments and recorded in equity in the Group and the Company's statement of financial position. Transaction costs incurred in connection with the issuance of rights issue amounted to $182,000.

On 7 January 2014, these new ordinary shares were issued by the Company and classified as share capital.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

19. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Retention sums payable	20,765	15,847	–	–
Current				
Trade payables	39,564	58,280	–	–
Accrued trade payables	184,725	172,407	–	–
Accrued operating expenses and other payables	19,059	30,012	2,020	1,414
Receipts in advance	68,264	49,403	–	96
Retention sums payable	28,434	21,375	–	–
	340,046	331,477	2,020	1,510
Total	360,811	347,324	2,020	1,510

In 2013, accruals for resettlement costs of $1,995,000 were included in accrued operating expenses and other payables.

Included in receipts in advance as at 31 December 2014 were instalments of sales proceeds received from buyers of $66,240,000 (2013: $45,544,000), in connection with the Group's pre-sales of properties under development and completed properties held for sale.

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

20. Loans and borrowings

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current					
Secured bank loans		102,847	90,999	–	–
Unsecured bank loan		–	1,000	–	1,000
Medium term notes		73,730	–	73,730	–
Finance lease liabilities		1,436	1,583	–	–
		178,013	93,582	73,730	1,000
Current					
Secured bank overdrafts	16	–	2,920	–	–
Secured bank loans		117,758	110,843	–	–
Unsecured bank loan		1,000	1,200	1,000	1,200
Secured loan from financial institutions		–	41,507	–	–
Finance lease liabilities		916	740	–	–
Unsecured loans from business associates		–	1,245	–	–
		119,674	158,455	1,000	1,200
Total loans and borrowings		297,687	252,037	74,730	2,200
Maturities of liabilities (excluding finance lease liabilities)					
Within one year		118,758	157,715	1,000	1,200
Between one and five years		172,557	86,545	73,730	1,000
More than five years		4,020	5,454	–	–
		295,335	249,714	74,730	2,200

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

	Group 2014 $'000	Group 2013 $'000
Carrying amounts of assets:		
Leasehold land	4,797	4,901
Freehold land	4,710	4,836
Leasehold properties	33,478	34,279
Investment properties	560	567
Development properties	129,991	96,747
Plant and machinery	16,123	12,767
Deposits pledged	37,158	18,778
Total	226,817	172,875

NOTES TO THE FINANCIAL STATEMENTS

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 amounting to $65,175,000 (2013: $89,175,000) secured by the followings:

(a) the subordination of the Group's share of existing and future shareholder's loans relating to the Group 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 certain 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. In 2013, the loan was renewed and the repayment date of the loan was extended to 5 August 2014. The shareholders of Xin Cheng pledged their equity interest to NIT as an additional security for the loan. Notwithstanding this, Guangang and Xin Cheng remained as a subsidiary of the Group. The loan was fully repaid during the financial year.

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. In 2013, the loan was renewed and the repayment date of the loan was extended to 17 December 2014. The loan was fully repaid during the financial year.

Unsecured loans from business associates

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

Medium term notes

On 10 July 2013, the Company established a $250,000,000 Multi-currency Medium Term Note Programme ("MTN Programme"). Under this MTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed, floating, variable or hybrid interest rate notes or zero coupon notes in series or tranches in any currency agreed between the Company and the relevant dealers of the MTN Programme. During the year, medium term notes amounting to $75,000,000 with fixed interest rate of 4.75% per annum and maturing in January 2018 were issued.

NOTES TO THE FINANCIAL STATEMENTS

Terms and debt repayment schedule

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

Group	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 31 December 2014				
Medium term notes	SGD	4.75	2018	73,730
Secured bank loans	RMB	5.81 - 7.07	2015 - 2016	57,175
Secured bank loans	SGD	1.38 - 3.88	2015 - 2033	163,430
Unsecured bank loan	SGD	2.37 – 2.41	2015	1,000
Finance lease liabilities	SGD	1.05 – 4.00	2015 - 2020	2,298
Finance lease liabilities	MYR	4.75	2015 - 2020	54
Total loans and borrowings				297,687
At 31 December 2013				
Secured bank loans	RMB	6.46 - 7.07	2014 - 2016	26,005
Secured bank loans	SGD	1.15 - 3.43	2014 - 2033	175,837
Unsecured bank loan	SGD	2.40 - 3.74	2014 - 2015	2,200
Secured bank overdraft	SGD	5.00 - 6.50	2014	1,400
Secured bank overdrafts	CHF	5.30	2014	1,520
Secured loan from financial institutions	RMB	12.50 - 16.00	2014	41,507
Unsecured loans from business associates	RMB	Nil	2014	1,245
Finance lease liabilities	SGD	1.55 - 6.78	2014 - 2018	2,262
Finance lease liabilities	MYR	4.59	2014 - 2020	61
Total loans and borrowings				252,037

Company	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
At 31 December 2014				
Medium term notes	SGD	4.75	2018	73,730
Unsecured bank loan	SGD	2.37 – 2.41	2015	1,000
				74,730
At 31 December 2013				
Unsecured bank loan	SGD	2.40 - 3.74	2014 - 2015	2,200

NOTES TO THE FINANCIAL STATEMENTS

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
At 31 December 2014			
Within one year	916	80	996
Between one and five years	1,409	31	1,440
More than five years	27	1	28
	2,352	112	2,464
At 31 December 2013			
Within one year	740	69	809
Between one and five years	1,583	87	1,670
	2,323	156	2,479

21. Revenue

(a) Revenue and costs recognition from construction contracts

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

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

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

Given the contractual nature of the business, variation orders, additional works and prolongation costs are expected on a continual basis. As some of these items could be subjective and hence contentious in nature, the Group may from time to time be involved in arbitration or legal processes. As any such processes could be lengthy and outcome inherently uncertain where estimates, assumptions and significant judgement involved, the carrying amount of the construction work-in-progress at the reporting date may invariably be affected by these outcome. During the year, one of the subsidiaries of the Group has submitted a request for arbitration, which it believes it is contractually entitled to claim and hence the costs recoverable, for costs arising from additional work requested and performed as well as the resultant prolonged delay of one of its projects. The related effects arising therefrom, if any, will be recognised in the financial statements of the future period when the eventual outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS

(b) Revenue from sales of development properties

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

22. (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

		Note	Group 2014 $'000	Group 2013 $'000
(a)	**Other income**			
	Compensation income from supplier		–	596
	Dormitory rental		15	314
	Fees from project and property management		1,274	1,444
	Gain on disposal of:			
	- investment properties		683	8,133
	- property, plant and equipment		270	23
	- scrap parts and materials		859	390
	Gain on liquidation on a joint venture		16	–
	Gain from sales of parking lots		460	3,356
	Government grants		552	393
	Training and testing fee income		372	415
	Others		684	957
			5,185	16,021
(b)	**Other expenses include**			
	Direct operating expenses arising from rental of investment properties, plant and machinery		115	105
	Impairment loss on intangible assets	5	1,656	–
	Impairment loss on trade receivables	32(b)	459	68
	Operating lease expenses		1,510	1,470
	Write off of property, plant and equipment		13	–
(c)	**Staff costs**			
	Wages and salaries for staff		78,492	74,603
	Contribution to defined contribution plans		3,942	3,432
	Increase in liability for short-term accumulating compensated absence		55	88
	Others		1,181	1,814
	Staff costs for the year		83,670	79,937
	The staff costs charged to profit or loss are arrived at as follows:			
	Staff costs for the year		83,670	79,937
	Staff costs capitalised in construction work-in-progress		(65,254)	(58,343)
	Staff costs charged to profit or loss		18,416	21,594

NOTES TO THE FINANCIAL STATEMENTS

23. Finance income and costs

	Group	
	2014	2013
	$'000	$'000
Recognised in profit or loss		
Accretion of discount implicit in retention sum receivables	1,536	1,328
Dividend income from available-for-sale financial assets	1	4
Exchange gain (net)	2,257	–
Implicit interest in retention sum payables	578	1,162
Interest income on:		
- cash and cash equivalents	211	176
- other investment	–	5
- loan to a joint venture	351	443
Finance income	4,934	3,118
Interest expense on:		
- bank loans	(1,988)	(1,953)
- bank overdrafts	(65)	(123)
- finance leases	(83)	(75)
- loan from financial institutions	–	(49)
- medium term notes	(1,757)	–
Amortisation of transaction costs on medium term notes	(189)	–
Accretion of implicit interest in retention sum payables	(588)	(1,142)
Discount implicit in retention sum receivables	(802)	(2,001)
Exchange loss (net)	–	(397)
Finance costs	(5,472)	(5,740)
Net finance costs recognised in profit or loss	(538)	(2,622)
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	562	624
- Total interest expenses on financial liabilities	(3,893)	(2,200)

NOTES TO THE FINANCIAL STATEMENTS

24. Tax expense

	Group	
	2014	2013
	$'000	$'000
Tax recognised in profit or loss		
Current tax		
Current year	4,038	3,528
Land appreciation tax	32	3,221
Adjustments in prior years	2	508
	4,072	7,257
Deferred tax		
Origination and reversal of temporary differences	(176)	895
Adjustments in prior years	1,112	3,270
	936	4,165
Total tax expense	5,008	11,422

Tax recognised in other comprehensive income

	2014			2013		
Group	**Before tax $'000**	**Tax expense $'000**	**Net of tax $'000**	**Before Tax $'000**	**Tax expense $'000**	**Net of Tax $'000**
Translation differences for foreign operations	5,982	–	5,982	11,604	–	11,604
Exchange differences on monetary items forming part of net investment in foreign operations	2,506	–	2,506	1,843	–	1,843
Foreign currency translation difference on liquidation of subsidiary reclassified to profit and loss	–	–	–	2,139	–	2,139
Available-for-sale financial assets	(1)	–	(1)	(11)	2	(9)
	8,487	–	8,487	15,575	2	15,577

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2014	2013
	$'000	$'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(24,618)	20,298
Less: Share of loss of associate and joint ventures, net of tax	1,635	64
(Loss)/Profit before tax excluding share of results of associate and joint ventures	(22,983)	20,362
Tax expenses using domestic rates applicable to different jurisdictions	(6,347)	5,925
Expenses not deductible for tax purposes	1,254	1,036
Income not subject to tax	(1,074)	(4,515)
Deferred tax benefits not recognised	10,688	1,671
Tax incentives	(465)	(278)
Effect of land appreciation tax	32	3,221
Adjustments in prior years:		
- current tax	2	508
- deferred tax	1,112	3,270
Others	(194)	584
	5,008	11,422

Land appreciation tax

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

Income and revenue taxes

The Group is subject to income, revenue and withholding taxes in a few jurisdictions. Significant judgement is required in determining the capital allowances, the types and rates of taxes payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the revenue, provision for income tax and deferred income tax provisions in the period in which such determination is made.

Tax incentives

Investment allowance amounted to approximately $1,794,000 (2013: $1,355,000) was granted to a subsidiary of the Company in respect of capital expenditure on approved construction equipment, under Section 67 of the Economic Expansion Incentives (Relief from Income Tax) Act.

In 2014, productivity and innovation tax credit amounted to approximately $943,000 (2013: $279,000) was granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

25. Earnings per share

The calculation of the basic and diluted earnings per share ("EPS") attributable to the ordinary shareholders of the Company of $15,279,000 loss (2013: $9,321,000 profit) and a weighted average number of ordinary shares outstanding of 919,247,700 (2013: 783,401,988), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

	Group	
	2014	**2013**
	$'000	**$'000**
Earnings per share is based on:		
(Loss)/Profit attributable to ordinary shareholders	(15,279)	9,321

Weighted average number of ordinary shares

	Number of shares	
	'000	**'000**
Issued ordinary shares at 1 January	783,402	766,040
Effect of rights issue	135,846	17,362
Weighted average number of ordinary shares during the year	919,248	783,402

26. 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 patented Cobiax 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.

NOTES TO THE FINANCIAL STATEMENTS

Information about reportable segments

	Construction $'000	Property development $'000	Rental $'000	Sales of goods $'000	Segments total $'000	Others * $'000	Total $'000
31 December 2014							
External revenues	627,480	31,968	1,306	8,000	668,754	–	668,754
Interest income	38	420	–	–	458	104	562
Interest expenses	(1,824)	(149)	–	(67)	(2,040)	(1,853)	(3,893)
Depreciation and amortisation	(11,319)	(92)	(1,112)	(695)	(13,218)	(130)	(13,348)
Allowance for diminution in value of development properties	–	(34,573)	–	–	(34,573)	–	(34,573)
Impairment loss on intangible assets	–	–	–	(1,656)	(1,656)	–	(1,656)
Reportable segment profit/(loss) before tax	24,368	(41,473)	1,108	(3,418)	(19,415)	(3,568)	(22,983)
Share of loss of associates and joint ventures, net of tax	(1,041)	(594)	–	–	(1,635)	–	(1,635)
Loss before tax							(24,618)
Tax expense							(5,008)
Loss for the year							(29,626)
Reportable segment assets	394,300	519,213	16,207	7,889	937,609	31,827	969,436
Investment in associates and joint ventures	1,234	22,029	–	–	23,263	–	23,263
Total assets							992,699
Reportable segment liabilities	360,742	325,631	–	4,121	690,494	5,485	695,979
Capital expenditure	11,693	59	–	2,054	13,806	10	13,816

NOTES TO THE FINANCIAL STATEMENTS

	Construction $'000	Property development $'000	Rental $'000	Sales of goods $'000	Segments total $'000	Others * $'000	Total $'000
31 December 2013							
External revenues	576,145	68,720	1,111	8,939	654,915	–	654,915
Interest income	45	419	–	–	464	160	624
Interest expenses	(1,727)	(270)	–	(119)	(2,116)	(84)	(2,200)
Depreciation and amortisation	(13,839)	(153)	(609)	(767)	(15,368)	(143)	(15,511)
Reportable segment profit/(loss) before tax	20,328	(2,397)	8,265	(142)	26,054	(5,692)	20,362
Share of loss of associates and joint ventures, net of tax	(3)	(61)	–	–	(64)	–	(64)
Profit before tax							20,298
Tax expense							(11,422)
Profit for the year							8,876
Reportable segment assets	397,112	458,770	17,999	10,381	884,262	39,432	923,694
Investment in associates and joint ventures	3,280	22,623	–	–	25,903	–	25,903
Total assets							949,597
Reportable segment liabilities	336,271	264,526	–	5,452	606,249	32,399	638,648
Capital expenditure	16,252	15	–	859	17,126	99	17,225

* General corporate activities

NOTES TO THE FINANCIAL STATEMENTS

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	
	2014	2013
	$'000	$'000
Revenue from external customers		
Singapore	619,927	568,474
PRC	33,092	69,574
PNG	7,735	7,928
Europe	8,000	8,939
	668,754	654,915
Non-current assets*		
Singapore	102,413	106,244
PRC	16,394	17,181
PNG	2,105	2,498
Malaysia	6,778	5,268
Europe	2,299	6,070
	129,989	137,261

* 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 2014 and 2013, revenue from certain customers (named alphabetically A to C) of the Group's construction segment amount to approximately $159,300,000 (2013: $300,412,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year are as follows:

	2014		2013	
	$'000	%	$'000	%
Customer A	84,919	13	151,399	23
Customer B	74,381	11	80,536	12
Customer C	–	–	68,477	10
Total	159,300	24	300,412	45

NOTES TO THE FINANCIAL STATEMENTS

27. Commitments

(a) Commitments

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

	Group	
	2014	2013
	$'000	$'000
Developmental costs contracted but not provided for:		
- subsidiaries	67,230	140,892
- a joint venture	245	463
Purchase of property, plant and equipment	1,670	1,993
	69,145	143,348

(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	
	2014	2013
	$'000	$'000
Within one year	1,109	1,886
Between one and five years	1,223	442
More than five years	2,111	–
	4,443	2,328

The Group leases three pieces of land and a commercial property under operating leases. The leases run for a period ranging from 1 to 23 years, with an option to renew the lease at the end of lease period. Lease payments are fixed at the commencement of the lease agreements.

28. Financial guarantee contracts

(a) Guaranteed performance bonds

Certain subsidiaries have obtained guarantee from the banks to provide performance bonds to the developers amounting to $219,976,000 (2013: $161,163,000).

(b) 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 $585,571,000 (2013: $559,873,000). As at 31 December 2014, $368,579,000 (2013: $286,768,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

29. Contingencies

One of the subsidiaries of the Group in Papua New Guinea has potential contingencies arising from a claim from certain former employees of the subsidiary for unlawful termination, breaches of the Constitution and the Employment Act and unpaid entitlements, amounting to approximately $4.0 million. The case is at a preliminary stage and the subsidiary has filed its defence on the basis that the claim is without merit on the advice of the legal counsel. Given the current status of the case and information available, no provision has been recorded by the Group as at 31 December 2014.

One of the construction projects carried out by a joint venture has contingencies arising from potential liquidated damages for a delay in the completion of the project. The joint venture is in the process of discussion with the owner on the project delay and the related prolongation cost, incurred by the joint venture. Based on the available information and the current status of the discussion as at 31 December 2014, the eventual amounts are not presently determinable. As such, no provision was made as at 31 December 2014.

30. Related parties

(a) Key management personnel compensation

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

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

	Group	
	2014	2013
	$'000	$'000
Short-term employee benefits	2,896	4,426
Post-employment benefits	76	81
	2,972	4,507
Director fees payable by the Company	530	530

NOTES TO THE FINANCIAL STATEMENTS

(b) Other related party transactions

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

	Group	
	2014	2013
	$'000	$'000
A corporate shareholder		
Purchase of plant and equipment	–	(331)
Rental fee paid and payable for land	–	(466)
Affiliated corporations		
Hiring charges	(11,417)	(10,270)
Non-controlling interests		
Development cost paid and capitalised in development properties	(110)	(643)

In addition to the above, a spouse of a Director subscribed to fixed rate medium term notes issued by the Company, amounting to $250,000 (2013: nil).

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 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 instruments

Financial risk management

(a) Overview

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Risk management framework

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

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

(b) Credit risk

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

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

Trade and other receivables

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 98% (2013: 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.

The Group does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The maximum exposure to credit risk for trade receivables at the reporting date was as follows:

NOTES TO THE FINANCIAL STATEMENTS

	Group			
	2014		2013	
	$'000	%	$'000	%
By country:				
Singapore	45,294	95.0	47,556	93.7
PRC	902	1.9	789	1.6
Europe	1,473	3.1	2,396	4.7
Total	47,669	100.0	50,741	100.0
By industry sectors:				
Construction	45,287	95.0	47,545	93.7
Property development	902	1.9	789	1.6
Sales of goods	1,480	3.1	2,407	4.7
Total	47,669	100.0	50,741	100.0

The Group's top two (2013: three) most significant customers, account for $14,910,000 of the trade receivables carrying amount as at 31 December 2014 (2013: $23,154,000).

Impairment

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

	2014		2013	
	Gross	Impairment	Gross	Impairment
	$'000	$'000	$'000	$'000
Group				
Neither past due nor impaired	38,935	–	46,288	–
Past due 0–30 days	3,200	–	1,187	58
Past due 31–60 days	2,568	–	593	39
More than 60 days	3,627	661	2,982	212
	48,330	661	51,050	309

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, amounts due from related parties and investments. The component of this allowance is for specific loss that relates to individually significant exposures. As at 31 December 2014 and 2013, the Group and the Company do not have any collective impairment on its loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2014	2013
	$'000	$'000
At 1 January	309	528
Impairment loss recognised	459	68
Amounts written off	(107)	(287)
At 31 December	661	309

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $94,974,000 and $10,397,000 respectively as at 31 December 2014 (2013: $79,812,000 and $26,465,000 respectively), 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 2014, the Group maintains the following lines of credit:

- $6,574,000 (2013: $8,533,000) of secured overdraft facilities, of which $nil (2013: $2,920,000) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $187,466,000 (2013: $222,796,000) that can be drawn down to meet short-term financing needs. An amount of $87,239,000 (2013: $114,372,000) has been drawn down at the reporting date.

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

In addition, the Group has put in place a $250,000,000 Multi-currency Medium Term Note Programme in 2013, of which $75,000,000 has been issued as at 31 December 2014 (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS

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	Contractual cash flows	Cash flows Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
At 31 December 2014					
Trade and other payables					
Trade payables	39,564	39,564	39,564	–	–
Accrued trade payables	184,725	184,725	184,725	–	–
Accrued operating expenses and other payables	19,059	19,059	19,059	–	–
Retention sums payable	49,199	50,244	28,434	21,810	–
Loans and borrowings					
Medium term notes	73,730	87,483	3,553	83,930	–
Secured bank loans	220,605	231,679	123,432	103,754	4,493
Unsecured bank loan	1,000	1,008	1,008	–	–
Finance lease liabilities	2,352	2,464	996	1,440	28
Amounts due to related parties	18,360	18,360	18,360	–	–
Recognised financial liabilities	608,594	634,586	419,131	210,934	4,521
At 31 December 2013					
Trade and other payables					
Trade payables	58,280	58,280	58,280	–	–
Accrued trade payables	172,407	172,407	172,407	–	–
Accrued operating expenses and other payables	30,012	30,012	30,012	–	–
Retention sums payable	37,222	38,195	21,422	16,773	–
Loans and borrowings					
Secured bank loans	201,842	215,601	111,741	98,696	5,164
Unsecured bank loan	2,200	2,374	1,239	1,135	–
Secured loan from financial institutions	41,507	46,201	46,201	–	–
Secured bank overdrafts	2,920	2,920	2,920	–	–
Finance lease liabilities	2,323	2,479	809	1,670	–
Unsecured loan from business associates	1,245	1,245	1,245	–	–
Amounts due to related parties	26,038	26,038	26,038	–	–
Recognised financial liabilities	575,996	595,752	472,314	118,274	5,164

NOTES TO THE FINANCIAL STATEMENTS

	Carrying amount	Contractual cash flows	Cash flows: Within 1 year	Cash flows: Within 1 to 5 years	Cash flows: More than 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
At 31 December 2014					
Accrued operating expenses and other payables	2,020	2,020	2,020	–	–
Unsecured bank loan	1,000	1,008	1,008	–	–
Medium term notes	73,730	87,483	3,553	83,930	–
Recognised financial liabilities	76,750	90,511	6,581	83,930	–
At 31 December 2013					
Accrued operating expenses and other payables	1,414	1,414	1,414	–	–
Amounts due to related parties	8,968	8,968	8,968	–	–
Unsecured bank loan	2,200	2,374	1,239	1,135	–
Recognised financial liabilities	12,582	12,756	11,621	1,135	–

Guarantees

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

The maximum exposure of the Company in respect of the financial guarantee at the end of the reporting period is $368,579,000 (2013: $286,768,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the financial guarantee.

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

NOTES TO THE FINANCIAL STATEMENTS

	Within 1 year	Total
	$'000	$'000
Company		
2014		
Financial guarantees	368,579	368,579
2013		
Financial guarantees	286,768	286,768

(d) Market risk

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

Interest rate risk

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

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Loans and borrowings	76,082	46,595	73,730	–
Variable rate instruments				
Loans and borrowings	221,605	205,442	1,000	2,200

NOTES TO THE FINANCIAL STATEMENTS

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) loss before tax (2013: 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 2013.

	(Loss)/Profit before tax	
	100 bp Increase	**100 bp Decrease**
	$'000	**$'000**
Group		
2014		
Variable rate instruments	2,216	(2,216)
2013		
Variable rate instruments	(2,054)	2,054
Company		
2014		
Variable rate instruments	1,000	(1,000)
2013		
Variable rate instruments	(2,200)	2,200

The sensitivity analysis is illustrative only and is based on simplified scenarios. The table shows interest rate risk exposures arising in interest-bearing liabilities. These particular exposures form only part of the Group's overall interest rate exposures.

Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

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	USD $'000
Group					
At 31 December 2014					
Trade and other receivables	–	–	921	–	–
Amounts due from related parties	18,482	–	12,135	4,730	17,986
Cash and cash equivalents	32,342	–	23	–	3,067
Trade and other payables	–	–	(1,153)	–	–
Amounts due to related parties	–	(8,312)	–	–	(17,985)
	50,824	(8,312)	11,926	4,730	3,068
At 31 December 2013					
Trade and other receivables	–	–	1,214	–	7
Amounts due from related parties	17,050	–	12,976	3,422	17,047
Cash and cash equivalents	14,058	–	91	–	3,095
Trade and other payables	–	–	(2,243)	–	–
Amounts due to related parties	–	(5,553)	–	–	(17,045)
	31,108	(5,553)	12,038	3,422	3,104

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group would increase/(decrease) loss before tax (2013: profit before tax) by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	(Loss)/Profit before tax 2014 $'000	(Loss)/Profit before tax 2013 $'000
Group		
RMB	(5,082)	3,111
SGD	831	(555)
EURO	(1,193)	1,204
CHF	(473)	342
USD	(307)	310

NOTES TO THE FINANCIAL STATEMENTS

(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 32 (c) for information on the periods in which the financial guarantees will expire and the contractual undiscounted cash flow in respect of the financial guarantees.

Accounting classifications and fair values

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

		Carrying amount				Fair value			
	Note	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
31 December 2014									
Financial assets measured at fair value									
Quoted equity instruments	10	41	–	–	41	41	–	–	41
Financial assets not measured at fair value									
Unquoted equity instruments	10	5,760	–	–	5,760				
Trade and other receivables*	9	–	213,943	–	213,943				
Amount due from related parties	15	–	40,826	–	40,826				
Cash and cash equivalents	16	–	94,974	–	94,974				
		5,760	349,743	–	355,503				
Financial liabilities not measured at fair value									
Amounts due to related parties	15	–	–	(18,360)	(18,360)				
Trade and other payables #	19	–	–	(292,547)	(292,547)				
Loans and borrowings	20	–	–	(297,687)	(297,687)	–	–	287,218	287,218
		–	–	(608,594)	(608,594)				

NOTES TO THE FINANCIAL STATEMENTS

		Carrying amount				Fair value			
	Note	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
31 December 2013									
Financial assets measured at fair value									
Quoted equity instruments	10	42	–	–	42	42	–	–	42
Financial assets not measured at fair value									
Unquoted equity instruments	10	5,691	–	–	5,691				
Trade and other receivables*	9	–	248,490	–	248,490				
Amount due from related parties	15	–	27,069	–	27,069				
Cash and cash equivalents	16	–	79,812	–	79,812				
		5,691	355,371	–	361,062				
Financial liabilities not measured at fair value									
Amounts due to related parties	15	–	–	(26,038)	(26,038)				
Trade and other payables #	19	–	–	(297,921)	(297,921)				
Loans and borrowings	20	–	-	(252,037)	(252,037)	–	–	(247,189)	(247,189)
		–	–	(575,996)	(575,996)				

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

\# Excluded receipts in advance

NOTES TO THE FINANCIAL STATEMENTS

		Carrying amount				Fair value			
	Note	Available-for-sale financial assets	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company									
31 December 2014									
Financial assets not measured at fair value									
Amount due from related parties	15	–	126,161	–	126,161				
Cash and cash equivalents	16	–	10,397	–	10,397				
		–	136,558	–	136,558				
Financial liabilities not measured at fair value									
Trade and other payables#	19	–	–	(2,020)	(2,020)				
Loans and borrowings	20	–	–	(74,730)	(74,730)	–	–	(71,458)	(71,458)
		–	–	(76,750)	(76,750)				
31 December 2013									
Financial assets not measured at fair value									
Trade and other receivables*	9	–	10,026	–	10,026				
Amount due from related parties	15	–	44,871	–	44,871				
Cash and cash equivalents	16	–	26,465	–	26,465				
		–	81,362	–	81,362				
Financial liabilities not measured at fair value									
Amounts due to related parties	15	–	–	(8,968)	(8,968)				
Trade and other payables #	19	–	–	(1,414)	(1,414)				
Loans and borrowings	20	–	–	(2,200)	(2,200)	–	–	(2,149)	(2,149)
		–	–	(12,582)	(12,582)				

* Excluded deposits and prepayments

Excluded receipts in advance

NOTES TO THE FINANCIAL STATEMENTS

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Loans and borrowings	Discounted cash flows	Not applicable

(ii) Transfers between Level 1 and 2

There were no transfer between Level 1 and 2 in 2014 and 2013.

33. Non-controlling interests

The following subsidiaries have material NCI.

Name	Principal places of business/ Country of incorporation	Operating Segment	Ownership interests held by NCI 2014 %	2013 %
Steeltech	Singapore	Construction	49	49
Jinwan	PRC	Property development	50	50
Chuang Zhan	PRC	Property development	34	34
Cangzhou Huashi	PRC	Property development	59	59
Guangang	PRC	Property development	36	36

NOTES TO THE FINANCIAL STATEMENTS

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

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou $'000	Guangang $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2014								
Revenue	19,695	–	–	4,240	27,728			
Profit/(Loss)	1,891	(19)	(144)	(832)	(37,588)			
OCI	–	975	1,419	289	(1,508)			
Total comprehensive income	1,891	956	1,275	(543)	(39,096)			
Attributable to NCI:								
- Profit/(Loss)	927	(10)	(49)	(491)	(13,532)	(922)	(270)	(14,347)
- OCI	–	488	482	171	(543)	813	(373)	1,038
- Total comprehensive income	927	478	433	(320)	(14,075)	(109)	(643)	(13,309)
Non-current assets	7,461	1	49,310	492	1,990			
Current assets	13,243	48,783	61,241	56,586	279,704			
Non-current liabilities	(5,039)	(176)	–	(536)	–			
Current liabilities	(2,376)	(21,596)	(71,078)	(47,548)	(279,179)			
Net assets	13,289	27,012	39,473	8,994	2,515			
Net assets attributable to NCI	6,512	13,506	13,421	5,306	905	22,453	(16,673)	45,430
Cash flows from operating activities	(1,667)	(84)	(1,249)	570	(30,764)			
Cash flows from investing activities	(15)	147	57,605	8	(5,510)			
Cash flows from financing activities (dividends to NCI: $98,000)	(554)	–	(56,348)	–	28,379			
Net (decrease)/ increase in cash and cash equivalents	(2,236)	63	8	578	(7,895)			

NOTES TO THE FINANCIAL STATEMENTS

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou $'000	Guangang $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2013								
Revenue	20,331	–	–	68,395	–			
Profit/(Loss)	1,168	51	(271)	1,542	(5,088)			
OCI	–	1,702	2,486	658	2,498			
Total comprehensive income	1,168	1,753	2,215	2,200	(2,590)			
Attributable to NCI:								
- Profit/(Loss)	572	26	(92)	910	(1,832)	(448)	419	(445)
- OCI	–	851	845	388	899	1,451	(3,097)	1,337
- Total comprehensive income	572	877	753	1,298	(933)	1,003	(2,678)	892
Non-current assets	7,592	1	47,582	255	1,964			
Current assets	11,249	47,050	15,153	39,764	248,500			
Non-current liabilities	(5,317)	(340)	–	(1,608)	–			
Current liabilities	(1,926)	(20,657)	(24,543)	(28,906)	(210,269)			
Net assets	11,598	26,054	38,192	9,505	40,195			
Net assets attributable to NCI	5,683	13,027	12,985	5,608	14,470	22,415	(27,887)	46,301
Cash flows from operating activities	1,570	(12)	(330)	(1,261)	32,208			
Cash flows from investing activities	(3,619)	–	–	–	227			
Cash flows from financing activities (dividends to NCI: nil)	2,900	–	(935)	(4,131)	(23,851)			
Net increase/ (decrease) in cash and cash equivalents	851	(12)	(1,265)	(5,392)	8,584			

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	0.72	147	0.00
100 - 1,000	42	2.16	41,580	0.00
1,001 - 10,000	348	17.87	2,359,800	0.26
10,001 - 1,000,000	1,490	76.53	132,725,595	14.44
1,000,001 AND ABOVE	53	2.72	784,120,578	85.30
TOTAL	1,947	100.00	919,247,700	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TIONG SENG SHAREHOLDINGS PTE LTD	466,395,920	50.74
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	76,040,000	8.27
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	69,331,640	7.54
4	WAN SENG ENTREPRISES PTE LTD	25,464,780	2.77
5	SHINGDA CONSTRUCTION PTE LTD	14,927,000	1.62
6	UOB KAY HIAN PRIVATE LIMITED	13,943,200	1.52
7	PECK KHEE SONG @ PECK AH TEE	9,568,400	1.04
8	DBS NOMINEES (PRIVATE) LIMITED	7,990,570	0.87
9	PEK AH TUAN	7,209,840	0.78
10	PAY KIAN MENG GILBERT	5,404,000	0.59
11	LEE KHAR HOON	5,300,000	0.58
12	LEE KENG LAN	4,908,000	0.53
13	RAFFLES NOMINEES (PTE) LIMITED	4,612,668	0.50
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,438,000	0.37
15	HL BANK NOMINEES (SINGAPORE) PTE LTD	3,335,000	0.36
16	LEE HONG CHUAN	3,300,000	0.36
17	ESTATE OF LIM KIM ENG, DECEASED	3,164,700	0.34
18	ANDREW KHNG	2,929,300	0.32
19	PHILLIP SECURITIES PTE LTD	2,876,300	0.31
20	HENG SIEW ENG	2,749,000	0.30
	TOTAL	732,888,318	79.71

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2015

SHAREHOLDERS' INFORMATION AS AT 18 March 2015

Class of shares	:	Ordinary shares
Number of Shares issued (excluding Treasury Shares)	:	919,247,700
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 2015

Name of Substantial Shareholders	Direct		Deemed	
	No. of Shares	%	No. of Shares	%
Tiong Seng Shareholdings Pte Ltd	542,395,920	59.0	–	–
Peck Tiong Choon (Private) Limited [1]	64,523,040	7.0	542,395,920	59.0
Pek Ah Tuan [2]	7,209,840	0.8	64,523,040	7.0
Lee It Hoe [3]	–	–	572,550,660	62.3

Notes:

(1) Peck Tiong Choon (Private) Limited ("PTC") holds approximately [47.8%] of the shares in Tiong Seng Shareholdings Pte Ltd ("TSS") and is therefore deemed interested in the shares held by TSS pursuant to Section 7 of the Companies Act, Cap 50 and Section 4 of the Securities and Futures Act.

The 64,523,040 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 Companies Act, Cap 50 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 brother, Lee Yew Sim (1,525,260 shares). Lee It Hoe is also deemed interested in the shares held by him on trust for the estate of his mother, Lim Kim Eng (3,164,700 shares), and the 25,464,780 shares held by Wan Seng Enterprises (Private) Limited ("Wan Seng") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions, and wishes in relation to their shares in Wan Seng. In addition, Lee It Hoe is deemed interested in the shares held by TSS as his associates are collectively entitled to exercise control of approximately [22.7%] of the shares in TSS.

Shareholdings Held in Hands of Public

Approximately 29.5% 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 Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 on Friday, 24 April 2015 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.2 cent per ordinary share (one-tier tax exempt) for the year ended 31 December 2014 (2013: 0.6 cent per ordinary share). **(Resolution 2)**

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

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

   Mr Ang Peng Koon, Patrick will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee and will be considered independent.

4. To note the retirement of Mr Pek Ah Tuan as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50, at the conclusion of this Annual General Meeting.
   [See Explanatory Note (i)]

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

   "That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Lee It Hoe be re-appointed a Director of the Company to hold office from the date of this Annual General Meeting until the next Annual General Meeting." **(Resolution 5)**

   Mr Lee It Hoe will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and the Remuneration Committee and will be considered non-independent.

6. To approve the payment of Directors' fees amounting to S$397,000 for the year ending 31 December 2015, to be paid in arrears (2014: S$530,000). **(Resolution 6)**

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

8. 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:

9. **AUTHORITY TO ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

10. **AUTHORITY TO ISSUE SHARES UNDER THE TIONG SENG SHARE AWARD SCHEME**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Company's Tiong Seng Share Award Scheme ("Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

11. **RENEWAL OF THE SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases through the ready market of the Singapore Exchange Securities Trading Limited ("SGX-ST") or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"), through one or more duly licensed stockbrokers appointed by the Company for 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 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 (the "**Off-Market Share Buy-Back**")

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

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

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares 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 by the Company in a 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 the purchase price (excluding brokerage, 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; and

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to an Off-Market Share Buy-Back, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (iv)] **(Resolution 10)**

12. **RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the Company, its subsidiaries and associated companies that are considered to be entities at risk under Chapter 9 of the Listing Manual of the SGX-ST, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Appendix to the Company's Annual Report 2014 ("Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate.
[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Yeo Poh Noi Caroline
Tan San-Ju
Company Secretaries

Singapore, 9 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) The item 4 above is to note the retirement of Mr Pek Ah Tuan ("Mr Pek"), who had informed the Company that he will not be seeking re-appointment at this Annual General Meeting. Upon Mr Pek's retirement as a Director of the Company at the conclusion of this Annual General Meeting, he will cease as Chairman of the Board and be bestowed the title of Founding Chairman.

(ii) Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme and any other share scheme/share plan which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) Ordinary Resolution 10, if passed, will empower the Directors, from the date of this Annual General 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 a general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to this Notice of Annual General Meeting, the Act and the Listing Manual of the SGX-ST. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

(v) Ordinary Resolution 11, if passed, renew the general mandate approved by the Shareholders of the Company on 28 April 2014 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual, and which is proposed to be renewed in the manner and on the terms set out in the Appendix. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

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

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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TIONG SENG HOLDINGS LIMITED

(Incorporated In Singapore)
(Co. Reg. No: 200807295Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

*I/We ____

Of ____

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

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 on Friday, 24 April 2015 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 2014		
2.	Payment of proposed first & final dividend		
3.	Re-election of Mr Pay Sim Tee as a Director		
4.	Re-election of Mr Ang Peng Koon, Patrick as a Director		
5.	Re-appointment of Mr Lee It Hoe as a Director		
6.	Approval of Directors' fees amounting to S$397,000 for the year ending 31 December 2015		
7.	Re-appointment of KPMG LLP as Auditors		
8.	Authority to issue shares		
9.	Authority to issue shares under the Tiong Seng Share Award Scheme		
10.	Renewal of the Share Buy-Back Mandate		
11.	Renewal of the Interested Person Transactions Mandate		

** Delete where inapplicable*

Dated this __________ day of ____________________ 2015

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

____

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

Notes:

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

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

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

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

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

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

General:

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

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

Designed and Produced by SageStudio +65 6438 2990

TIONGSENG GROUP 长成控股

(INCORPORATED IN THE REPUBLIC OF SINGAPORE ON 15 APRIL 2008)
(COMPANY REGISTRATION NO. 200807295Z)

510 THOMSON ROAD #08-00 SLF BUILDING SINGAPORE 298135

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