



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Registration Number: 200807295Z)

Condensed Interim Financial Statements For the Six Months and Full Year Ended 31 December 2022

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Condensed Interim Consolidated Statement of Comprehensive Income

	6 months ended 31 December	6 months ended 31 December		12 months ended 31 December	12 months ended 31 December		
Note	2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %	
Revenue							
Revenue from construction contracts and engineering solutions	4	198,847	101,636	96%	330,702	258,035	28%
Revenue from sales of development properties	4	9,255	13,014	(29%)	26,076	35,347	(26%)
		<u>208,102</u>	<u>114,650</u>	82%	<u>356,778</u>	<u>293,382</u>	22%
Other income		3,485	6,272	(44%)	5,985	9,719	(38%)
Costs of construction contracts and engineering solutions		(221,816)	(126,037)	76%	(377,893)	(270,982)	40%
Costs of sales of development properties		(8,094)	(9,750)	(17%)	(20,507)	(25,821)	(21%)
Impairment arising from property development business		(3,084)	(20,216)	(85%)	(3,084)	(20,216)	(85%)
Depreciation and amortisation		(3,535)	(3,433)	3%	(6,709)	(7,188)	(7%)
Selling expenses		(784)	(935)	(16%)	(1,136)	(1,772)	(36%)
Staff costs		(9,739)	(10,683)	(9%)	(19,382)	(19,284)	1%
Other expenses		(9,290)	(5,105)	82%	(19,749)	(9,058)	>100%
		<u>(256,342)</u>	<u>(176,159)</u>	46%	<u>(448,460)</u>	<u>(354,321)</u>	27%
Loss from operating activities		(44,755)	(55,237)	(19%)	(85,697)	(51,220)	67%
Finance income		634	1,592	(60%)	911	2,101	(57%)
Finance costs		(4,425)	(3,061)	45%	(6,681)	(4,589)	46%
Net finance costs		<u>(3,791)</u>	<u>(1,469)</u>	>100%	<u>(5,770)</u>	<u>(2,488)</u>	>100%
Share of profit of joint ventures, net of tax		4,315	1,485	>100%	4,853	1,878	>100%
Loss before tax	5	(44,231)	(55,221)	(20%)	(86,614)	(51,830)	67%
Tax credit/(expense)	7	2,844	1,213	>100%	699	(908)	N.M.
Loss for the period/year		<u>(41,387)</u>	<u>(54,008)</u>	(23%)	<u>(85,915)</u>	<u>(52,738)</u>	63%

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

Condensed Interim Consolidated Statement of Comprehensive Income (cont'd)

Note	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	Change %	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	Change %
<u>Other comprehensive income</u>						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	(6,383)	2,913	N.M.	(9,824)	5,159	N.M.
Exchange differences on monetary items forming part of net investment in a foreign operation	(3,419)	571	N.M.	(4,390)	1,846	N.M.
Net change in fair value of equity investment at fair value through other comprehensive income	(67)	-	100%	(67)	-	100%
Other comprehensive income for the period/year, net of tax	<u>(9,869)</u>	<u>3,484</u>	N.M.	<u>(14,281)</u>	<u>7,005</u>	N.M.
Total comprehensive income for the period/year	<u>(51,256)</u>	<u>(50,524)</u>	1%	<u>(100,196)</u>	<u>(45,733)</u>	>100%
Loss attributable to:						
Owners of the Company	(41,762)	(51,575)	(19%)	(85,767)	(50,199)	71%
Non-controlling interests	375	(2,433)	N.M.	(148)	(2,539)	(94%)
Loss for the period/year	<u>(41,387)</u>	<u>(54,008)</u>	(23%)	<u>(85,915)</u>	<u>(52,738)</u>	63%
Total comprehensive income attributable to:						
Owners of the Company	(50,827)	(48,354)	5%	(98,980)	(43,864)	>100%
Non-controlling interests	(429)	(2,170)	(80%)	(1,216)	(1,869)	(35%)
Total comprehensive income for the period/year	<u>(51,256)</u>	<u>(50,524)</u>	1%	<u>(100,196)</u>	<u>(45,733)</u>	>100%
Earnings per share						
- Basic and diluted (cents) ¹	<u>(9.46)</u>	<u>(11.68)</u>	(19%)	<u>(19.43)</u>	<u>(11.37)</u>	71%

¹The earnings per share net of non-controlling interests has been calculated based on 441,355,673 (2021: 441,419,549) weighted average number of shares excluding treasury shares.

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

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Non-current assets					
Property, plant and equipment	11	67,934	94,545	-	-
Intangible assets		296	201	-	-
Investment properties		386	3,760	-	-
Right-of-use assets		2,874	3,900	-	-
Subsidiaries		-	-	53,986	53,986
Joint ventures		23,430	41,113	-	-
Trade and other receivables		20,834	15,673	-	-
Amount due from related parties		4,807	4,534	-	-
Other investments		902	959	-	-
Deferred tax assets		2,271	2,276	-	-
		<u>123,734</u>	<u>166,961</u>	<u>53,986</u>	<u>53,986</u>
Current assets					
Inventories		1,392	5,564	-	-
Contract costs		710	993	-	-
Contract assets	12	83,067	57,599	-	-
Development properties	13	149,517	173,442	-	-
Trade and other receivables		53,894	49,098	1,233	639
Joint ventures		21,107	-	-	-
Amount due from related parties		10,125	9,678	47,317	99,974
Cash and bank balances		47,632	56,486	88	229
		<u>367,444</u>	<u>352,860</u>	<u>48,638</u>	<u>100,842</u>
Assets held for sale		25,089	-	-	-
		<u>392,533</u>	<u>352,860</u>	<u>48,638</u>	<u>100,842</u>
Total assets		<u>516,267</u>	<u>519,821</u>	<u>102,624</u>	<u>154,828</u>
Equity attributable to owners of the Company					
Share capital		181,947	181,947	181,947	181,947
Treasury shares		(4,906)	(4,873)	(4,906)	(4,873)
Reserves		(88,914)	(76,000)	(45,850)	(45,850)
Retained earnings/(Accumulated losses)		2,959	90,129	(93,738)	(39,955)
		<u>91,086</u>	<u>191,203</u>	<u>37,453</u>	<u>91,269</u>
Non-controlling interests		<u>4,688</u>	<u>2,967</u>	<u>-</u>	<u>-</u>
Total equity		<u>95,774</u>	<u>194,170</u>	<u>37,453</u>	<u>91,269</u>
Non-current liabilities					
Trade and other payables		12,267	9,847	-	-
Loans and borrowings	15	19,031	34,913	-	-
Deferred tax liabilities		580	832	-	-
		<u>31,878</u>	<u>45,592</u>	<u>-</u>	<u>-</u>
Current liabilities					
Contract liabilities	12	79,752	74,801	-	-
Trade and other payables	14	202,360	129,557	207	254
Amount due to related parties		10,697	12,646	64,964	63,305
Loans and borrowings	15	92,782	56,000	-	-
Current tax payable		3,024	7,055	-	-
		<u>388,615</u>	<u>280,059</u>	<u>65,171</u>	<u>63,559</u>
Total liabilities		<u>420,493</u>	<u>325,651</u>	<u>65,171</u>	<u>63,559</u>
Total equity and liabilities		<u>516,267</u>	<u>519,821</u>	<u>102,624</u>	<u>154,828</u>

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

Condensed Interim Consolidated Statements of Changes in Equity

The Group	Note	← Attributable to owners of the Company →										
		Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2022		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	90,129	191,203	2,967	194,170
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(85,767)	(85,767)	(148)	(85,915)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	(8,756)	-	(8,756)	(1,068)	(9,824)
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	(4,390)	-	(4,390)	-	(4,390)
Net change in fair value of equity investment at fair value through other comprehensive income		-	-	-	-	-	(67)	-	-	(67)	-	(67)
Total other comprehensive income		-	-	-	-	-	(67)	(13,146)	-	(13,213)	(1,068)	(14,281)
Total comprehensive income for the year		-	-	-	-	-	(67)	(13,146)	(85,767)	(98,980)	(1,216)	(100,196)
Transfer to statutory reserve		-	-	-	-	299	-	-	(299)	-	-	-
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Purchase of treasury shares		-	(33)	-	-	-	-	-	-	(33)	-	(33)
Dividend paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	(51)	(1,155)
<i>Changes in ownership interests in subsidiaries</i>												
Acquisition of subsidiary with non-controlling interest		-	-	-	-	-	-	-	-	-	2,988	2,988
Total transactions with owners of the Company		-	(33)	-	-	-	-	-	(1,104)	(1,137)	2,937	1,800
At 31 December 2022		181,947	(4,906)	(77,720)	(9,345)	4,045	142	(6,036)	2,959	91,086	4,688	95,774

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

Condensed Interim Consolidated Statements of Changes in Equity (cont'd)

The Group	Note	← Attributable to owners of the Company →							Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Foreign currency reserve \$'000				
At 1 January 2021		181,947	(4,873)	(77,720)	(9,345)	1,909	209	775	143,269	236,171	4,836	241,007
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(50,199)	(50,199)	(2,539)	(52,738)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	4,489	-	4,489	670	5,159
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	1,846	-	1,846	-	1,846
Total other comprehensive income		-	-	-	-	-	-	6,335	-	6,335	670	7,005
Total comprehensive income for the year		-	-	-	-	-	-	6,335	(50,199)	(43,864)	(1,869)	(45,733)
Transfer to statutory reserve		-	-	-	-	1,837	-	-	(1,837)	-	-	-
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Dividend paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
Total transactions with owners of the Company		-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
At 31 December 2021		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	90,129	191,203	2,967	194,170

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

Tiong Seng Holdings Limited
For the Six Months and Full Year Ended 31 December 2022

Condensed Interim Consolidated Statements of Changes in Equity (cont'd)

The Company	Note	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2022		181,947	(4,873)	(45,850)	(39,955)	91,269
Total comprehensive income for the year						
Loss for the year		-	-	-	(52,679)	(52,679)
Transactions with owner, recognised directly in equity						
Purchase of treasury shares		-	(33)	-	-	(33)
Dividend paid	8	-	-	-	(1,104)	(1,104)
At 31 December 2022		<u>181,947</u>	<u>(4,906)</u>	<u>(45,850)</u>	<u>(93,738)</u>	<u>37,453</u>
At 1 January 2021		181,947	(4,873)	(45,850)	(27,887)	103,337
Total comprehensive income for the year						
Loss for the year		-	-	-	(10,964)	(10,964)
Transactions with owner, recognised directly in equity						
Dividend paid	8	-	-	-	(1,104)	(1,104)
At 31 December 2021		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(39,955)</u>	<u>91,269</u>

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

Condensed Interim Consolidated Statement of Cash Flows

	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Cash flows from operating activities		
Loss from operating activities	(85,697)	(51,220)
Adjustments for:		
Depreciation and amortisation	13,916	15,548
Gain on disposal of:		
- property, plant and equipment	(158)	(2,198)
- investment property	(757)	-
Impairment loss arising from property development business:		
- allowance for diminution in value of development properties	3,084	17,541
- amount due from non-controlling interest	-	2,675
Impairment loss:		
- contract assets	5,067	-
- a joint venture	2,618	-
Reversal of impairment loss on trade receivables	-	(42)
Provisions	49,000	31,942
Written off:		
- goodwill	221	-
- property, plant and equipment	6	2
- bad debts	395	130
Operating cash flows before working capital changes	<u>(12,305)</u>	<u>14,378</u>
Inventories	4,169	7,032
Other investment	57	-
Contract costs	283	(90)
Contract assets/liabilities	(25,850)	14,516
Development properties	6,971	17,199
Trade and other receivables	(8,315)	(5,193)
Trade and other payables	26,355	(43,370)
Balances with related parties (trade)	(1,586)	(1,625)
Cash (used in)/generated from operations	<u>(10,221)</u>	<u>2,847</u>
Tax paid	(3,332)	(1,175)
Net cash (used in)/generated from operating activities	<u>(13,553)</u>	<u>1,672</u>
 Cash flows from investing activities		
Dividend received from:		
- joint venture	-	1,050
- other investment	-	186
Interest received	484	312
Investment in a joint venture	(2,299)	(1,894)
Loan repayment from joint ventures	-	848
Proceeds from disposal of:		
- property, plant and equipment	244	2,340
- Investment property	943	-
Purchase of:		
- subsidiaries, net of cash acquired	1,957	-
- property, plant and equipment [#]	(8,312)	(7,626)
- intangible assets	(146)	(30)
Net cash used in investing activities	<u>(7,129)</u>	<u>(4,814)</u>

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

Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Cash flows from financing activities		
(Decrease)/increase in deposits pledged	(18)	13
Decrease in restricted cash	-	(8)
Dividend paid:		
- owner of the company	(1,104)	(1,104)
- non-controlling interest	(51)	-
Interest paid	(4,027)	(1,691)
Purchase of treasury shares	(33)	-
Payments of lease liabilities	(1,465)	(1,889)
Proceeds from loans and borrowings	49,422	46,308
Repayment of loans and borrowings	(28,214)	(23,298)
Balances with related parties (non-trade)	-	(2,892)
Net cash generated from financing activities	14,510	15,439
Net (decrease)/increase in cash and cash equivalents	(6,172)	12,297
Cash and cash equivalents at beginning of the year	55,746	42,699
Effect of exchange rate changes on balances held in foreign currencies	(2,664)	750
Cash and cash equivalents at end of the year*	46,910	55,746

Significant non-cash transactions

During the financial year, the Group purchased property, plant and equipment, amounting to \$8,837,000 (2021: \$7,998,000), of which \$525,000 (2021: \$372,000) was acquired under lease arrangement.

* As at 31 December 2022, cash and bank balances in the consolidated statement of financial position was \$47,632,000 (2021: \$56,486,000), of which \$557,000 (2021: \$575,000) was deposit pledged and \$165,000 (2021: \$165,000) was restricted cash held in a designated account due to development project rules requirement in PRC. The cash and cash equivalents in the consolidated statement of cash flows of \$46,910,000 (2021: \$55,746,000) excluded deposit pledged and restricted cash.

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

Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

Tiong Seng Holdings Limited (the ‘Company’) (Registration Number 200807295Z) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The registered address of the Company is located at 21 Fan Yoong Road, Singapore 629796.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group are building construction and civil engineering, provision of engineering solutions and property development.

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual financial statements for the year ended 31 December 2021.

The condensed interim 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.

The accounting policies and method of computation used in the condensed interim financial statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2022. The application of these standards and interpretations did not have a material effect on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

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.

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2021 and is expected to have a significant effect on the amounts recognised in the condensed interim financial statements.

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

- Note 4.2 – Revenue and cost recognition from construction contracts
- Note 13 – Measurement of realisable amounts of development properties

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

- Note 11 – Measurement of recoverable amounts of property, plant and equipment
- Note 14 – Recognition and measurement of provision

Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the Note 10 - Accounting classifications and fair values.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

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

The following summary describes the operations in each of the Group's reportable segments:

- **Construction:** Relates to acting as main contractors in construction and civil engineering projects and provision of construction and civil engineering services mainly to property developers and government in both private and public sectors.
- **Engineering solutions:** Relates to manufactures and supplies precast and prefabricated components as well as provision of steel and mass engineered timber works to main contractors in construction and civil engineering projects.
- **Property development:** Relates to development and sales of properties.

Other operations include rental and general corporate activities.

4.1 Information about reportable segments

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others \$'000	Elimination \$'000	Total \$'000
1 January 2022 to 31 December 2022							
External revenues	297,232	33,470	26,076	356,778	-	-	356,778
Inter-segment revenue	-	20,315	-	20,315	-	(20,315)	-
Interest income	824	2	423	1,249	393	(1,158)	484
Interest expenses	(2,294)	(974)	(352)	(3,620)	(773)	1,158	(3,235)
Gain on disposal of:							
- property, plant and equipment	158	-	-	158	-	-	158
- investment property	757	-	-	757	-	-	757
Impairment loss arising from property development business: allowance for diminution in value of development properties	-	-	(3,084)	(3,084)	-	-	(3,084)
Impairment on contract assets	-	(5,038)	-	(5,038)	-	-	(5,038)
Provision	(46,366)	(1,298)	(1,336)	(49,000)	-	-	(49,000)
Depreciation and amortisation	(8,824)	(5,017)	(30)	(13,871)	(45)	-	(13,916)
Reportable segment loss before tax	(61,025)	(20,457)	(6,855)	(88,337)	(3,130)	-	(91,467)
Share of profit of joint ventures, net of tax							4,853
Loss before tax							(86,614)
Tax credit							699
Loss for the year							(85,915)
Reportable segment assets	230,659	60,384	163,704	454,747	16,983	-	471,730
Investment in joint ventures	10,585	626	33,326	44,537	-	-	44,537
Total assets							516,267
Reportable segment liabilities	328,595	52,107	39,505	420,207	286	-	420,493
Capital expenditure	4,091	5,100	10	9,201	3	-	9,204

Information about reportable segments (cont'd)

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others \$'000	Elimination \$'000	Total \$'000
1 January 2021 to 31 December 2021							
External revenues	190,632	67,403	35,347	293,382	-	-	293,382
Inter-segment revenue	-	17,752	-	17,752	-	(17,752)	-
Interest income	1,200	5	284	1,489	355	(1,532)	312
Interest expenses	(883)	(812)	(346)	(2,041)	(1,124)	1,474	(1,691)
Gain on disposal of property, plant and equipment	2,198	-	-	2,198	-	-	2,198
Impairment loss arising from property development business:							
- allowance for diminution in value of development properties	-	-	(17,541)	(17,541)	-	-	(17,541)
- amount due from non-controlling interest Provision	-	-	(2,675)	(2,675)	-	-	(2,675)
	(31,296)	-	(646)	(31,942)	-	-	(31,942)
Depreciation and amortisation	(9,315)	(6,133)	(51)	(15,499)	(49)	-	(15,548)
Reportable segment loss before tax	(33,077)	(1,380)	(17,563)	(52,020)	(1,688)	-	(53,708)
Share of profit of joint ventures, net of tax							1,878
Loss before tax							(51,830)
Tax expense							(908)
Loss for the year							(52,738)
Reportable segment assets	177,422	74,213	211,319	462,954	15,754	-	478,708
Investment in joint ventures	9,497	586	31,030	41,113	-	-	41,113
Total assets							519,821
Reportable segment liabilities	229,816	45,143	50,172	325,131	520	-	325,651
Capital expenditure	3,937	5,057	15	9,009	36	-	9,045

Information about reportable segments (cont'd)

	Construction	Engineering	Property	Segments	Others	Elimination	Total
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
1 July 2022 to 31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	179,152	19,695	9,255	208,102	-	-	208,102
Inter-segment revenue	-	17,959	-	17,959	-	(17,959)	-
Interest income	239	-	226	465	137	(365)	237
Interest expenses	(1,620)	(555)	(178)	(2,353)	(201)	411	(2,143)
Gain on disposal of:							
- property, plant and equipment	34	-	-	34	-	-	34
- investment property	757	-	-	757	-	-	757
Impairment loss arising from property development business: allowance for diminution in value of development properties	-	-	(3,084)	(3,084)	-	-	(3,084)
Provision	(28,896)	(1,298)	(621)	(30,815)	-	-	(30,815)
Depreciation and amortisation	(4,566)	(2,635)	(11)	(7,212)	(21)	-	(7,233)
Reportable segment loss before tax	(36,994)	(2,029)	(8,144)	(47,167)	(1,379)	-	(48,546)
Share of profit of joint ventures, net of tax							4,315
Loss before tax							(44,231)
Tax expense							2,844
Loss for the period							(41,387)

Information about reportable segments (cont'd)

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others \$'000	Elimination \$'000	Total \$'000
1 July 2021 to 31 December 2021							
External revenues	80,320	21,316	13,014	114,650	-	-	114,650
Inter-segment revenue	-	9,673	-	9,673	-	(9,673)	-
Interest income	615	3	167	785	182	(784)	183
Interest expenses	(504)	(453)	(175)	(1,132)	(566)	727	(971)
Impairment loss arising from property development business:							
- allowance for diminution in value of development properties	-	-	(17,541)	(17,541)	-	-	(17,541)
- amount due from non-controlling interest	-	-	(2,675)	(2,675)	-	-	(2,675)
Provision	(30,096)	-	(9)	(30,105)	-	-	(30,105)
Depreciation and amortisation	(4,344)	(3,012)	(22)	(7,378)	(25)	-	(7,403)
Reportable segment loss before tax	(32,432)	(2,139)	(21,512)	(56,083)	(623)	-	(56,706)
Share of profit of joint ventures, net of tax							1,485
Loss before tax							(55,221)
Tax expense							1,213
Loss for the period							(54,008)

4.2 Disaggregation of revenue

	Group						Total
	12 months ended 31 December 2022						
	Construction	Engineering	Property	Segments	Others	Elimination	
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or services:							
Revenue from construction contracts and engineering solutions	297,232	53,785	-	351,017	-	(20,315)	330,702
Revenue from sales of development properties	-	-	26,076	26,076	-	-	26,076
Total revenue	297,232	53,785	26,076	377,093	-	(20,315)	356,778
Timing of revenue recognition:							
At a point in time	-	41,591	26,076	67,667	-	(16,127)	51,540
Over time	297,232	12,194	-	309,426	-	(4,188)	305,238
Total revenue	297,232	53,785	26,076	377,093	-	(20,315)	356,778
Geographical information:							
Singapore	297,232	53,785	-	351,017	-	(20,315)	330,702
PRC	-	-	26,076	26,076	-	-	26,076
Total revenue	297,232	53,785	26,076	377,093	-	(20,315)	356,778

Disaggregation of revenue (cont'd)

	Group						Total
	12 months ended 31 December 2021						
	Construction	Engineering	Property	Segments	Others	Elimination	
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
		\$'000	\$'000	\$'000	\$'000		
Types of goods or services:							
Revenue from construction contracts and engineering solutions	190,632	85,155	-	275,787	-	(17,752)	258,035
Revenue from sales of development properties	-	-	35,347	35,347	-	-	35,347
Total revenue	190,632	85,155	35,347	311,134	-	(17,752)	293,382
Timing of revenue recognition:							
At a point in time	-	57,371	35,347	92,718	-	(15,068)	77,650
Over time	190,632	27,784	-	218,416	-	(2,684)	215,732
Total revenue	190,632	85,155	35,347	311,134	-	(17,752)	293,382
Geographical information:							
Singapore	190,632	85,155	-	275,787	-	(17,752)	258,035
PRC	-	-	35,347	35,347	-	-	35,347
Total revenue	190,632	85,155	35,347	311,134	-	(17,752)	293,382

Disaggregation of revenue (cont'd)

	Group						Total
	6 months ended 31 December 2022						
	Construction	Engineering	Property	Segments	Others	Elimination	
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or services:							
Revenue from construction contracts and engineering solutions	179,152	37,654	-	216,806	-	(17,959)	198,847
Revenue from sales of development properties	-	-	9,255	9,255	-	-	9,255
Total revenue	179,152	37,654	9,255	226,061	-	(17,959)	208,102
Timing of revenue recognition:							
At a point in time	-	29,509	9,255	38,764	-	(14,461)	24,303
Over time	179,152	8,145	-	187,297	-	(3,498)	183,799
Total revenue	179,152	37,654	9,255	226,061	-	(17,959)	208,102
Geographical information:							
Singapore	179,152	37,654	-	216,806	-	(17,959)	198,847
PRC	-	-	9,255	9,255	-	-	9,255
Total revenue	179,152	37,654	9,255	226,061	-	(17,959)	208,102

Disaggregation of revenue (cont'd)

	Group						Total
	6 months ended 31 December 2021						
	Construction	Engineering	Property	Segments	Others	Elimination	
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or services:							
Revenue from construction contracts and engineering solutions	80,320	30,989	-	111,309	-	(9,673)	101,636
Revenue from sales of development properties	-	-	13,014	13,014	-	-	13,014
Total revenue	80,320	30,989	13,014	124,323	-	(9,673)	114,650
Timing of revenue recognition:							
At a point in time	-	24,883	13,014	37,897	-	(8,792)	29,105
Over time	80,320	6,106	-	86,426	-	(881)	85,545
Total revenue	80,320	30,989	13,014	124,323	-	(9,673)	114,650
Geographical information:							
Singapore	80,320	30,989	-	111,309	-	(9,673)	101,636
PRC	-	-	13,014	13,014	-	-	13,014
Total revenue	80,320	30,989	13,014	124,323	-	(9,673)	114,650

Disaggregation of revenue (cont'd)

Revenue and costs recognition from construction contracts

The Group recognises revenue from construction contracts progressively over time. Significant judgement is required in determining the stage of completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

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

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

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

4.3 Geographical segment

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.

	<u>Revenue from external</u>		<u>Non-current assets*</u>	
	<u>customers</u>			
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	330,702	258,035	87,447	124,517
PRC	26,076	35,347	182	266
PNG	-	-	3	193
Europe	-	-	87	90
Malaysia	-	-	7,201	18,453
	<u>356,778</u>	<u>293,382</u>	<u>94,920</u>	<u>143,519</u>

* The non-current asset consists of property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures and right-of-use assets.

4.4 Major customers

During the financial period ended 31 December 2022 and 31 December 2021, revenue from major customers of the Group's construction segment amounted to approximately \$191,980,000 (2021: \$33,351,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the period were as follows:

	31 December 2022		31 December 2021	
	\$'000	%	\$'000	%
Customer A	45,219	13	33,351	11
Customer B	41,531	12	-	-
Customer C	40,157	11	-	-
Customer D	35,459	10	-	-

5 Loss before tax

The following items have been included in arriving at loss before tax for the period:

	Group			Group		
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	Change %	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	Change %
(a) Other incomes include						
Fees from project and property management	(39)	(249)	(84%)	(153)	(667)	(77%)
Gain on disposal of:						
- investment property	(757)	-	100%	(757)	-	100%
- property, plant and equipment	(34)	-	100%	(158)	(2,198)	(93%)
- scrap parts and materials	(927)	(241)	>100%	(1,060)	(517)	>100%
Government grants:						
- jobs support scheme	-	(3,400)	(100%)	-	(3,569)	(100%)
- levy rebates	(251)	-	100%	(1,490)	(1,273)	17%
- others	(280)	-	100%	(469)	(523)	10%
Training and testing fee income	(387)	(44)	>100%	(461)	(44)	>100%
Consultancy services fees	-	(181)	(100%)	-	(181)	(100%)
Management fees	(59)	(186)	(68%)	(301)	(650)	(54%)
Rental	(346)	(2)	>100%	(346)	(2)	>100%
Others	(405)	-	100%	(701)	(93)	>100%

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	Group			Group		
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	Change %	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	Change %
(b) Other expenses include						
Advertisement and commission expenses	900	788	14%	1,142	1,616	(29%)
Impairment loss arising from property development business:						
- allowance for diminution in value of development properties	3,084	17,541	(82%)	3,084	17,541	(82%)
- amount due from non-controlling interest	-	2,675	(100%)	-	2,675	(100%)
Net impairment loss on:						
- trade receivables	-	428	(100%)	-	428	(100%)
- contract assets	29	-	100%	5,067	-	100%
- joint venture	2,618	-	100%	2,618	-	100%
Written-off:						
- bad debts	395	-	100%	395	-	100%
- goodwill	221	-	100%	221	-	100%
Entertainment	219	226	(3%)	461	540	(15%)
Legal and Professional fees	2,933	1,954	50%	4,135	2,760	50%
Short term/low value lease expenses	(306)	116	N.M	226	232	(3%)
Property management expenses	288	319	(10%)	417	671	(38%)
Repair and maintenance	1,055	679	55%	2,432	1,336	82%
Travelling and transport	217	135	61%	378	282	34%
	<hr/>	<hr/>		<hr/>	<hr/>	
(c) Finance income and costs						
Interest income on:						
- cash and cash equivalents	(237)	(183)	30%	(484)	(312)	55%
Exchange gain (net)	-	(521)	(100%)	-	(780)	(100%)
Interest expenses on:						
- bank loans	2,000	880	>100%	3,018	1,522	98%
- lease liabilities	143	90	59%	217	169	28%
Exchange loss (net)	42	-	100%	152	-	100%
	<hr/>	<hr/>		<hr/>	<hr/>	

6 Related party transactions

Other than as disclosed elsewhere in the condensed interim financial statements, there were the following significant related party transactions during the period:

	Group				
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	
	Affiliated corporations				
	Lease of storage space	721	781	1,445	2,059
Hiring charges	2,386	1,429	3,930	3,524	
Consultancy fees	333	-	500	-	
<hr/>					
Joint venture					
Recharge of staff costs	-	245	66	635	
Construction revenue	(3,933)	(4,369)	(10,152)	(8,035)	
<hr/>					

7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group				
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	
	Tax recognised in profit or loss				
	Current tax				
Current period	249	406	1,044	1,184	
Changes in estimate related to prior periods	(3,639)	(352)	(3,627)	387	
	(3,390)	54	(2,583)	1,571	
<hr/>					
Deferred tax					
Origination and reversal of temporary differences	-	36	-	-	
Change in unrecognised deductible temporary differences	(92)	(63)	(92)	(123)	
	(92)	(27)	(92)	(123)	
<hr/>					
Land appreciation tax					
Current period	619	(452)	1,957	248	
Changes in estimate related to prior periods	19	(788)	19	(788)	
	638	(1,240)	1,976	(540)	
<hr/>					
Tax (credit)/expense	(2,844)	(1,213)	(699)	908	
<hr/>					

8 Dividends

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

	Group and Company	
	31 December 2022 \$'000	31 December 2021 \$'000
Paid by the Company to owners of the Company		
0.25 cent (2021: 0.25 cent) per qualifying ordinary share	1,104	1,104
	1,104	1,104
	Group	
	31 December 2022 \$'000	31 December 2021 \$'000
Paid by a subsidiary to non-controlling interest		
0.25 cent per qualifying ordinary share	51	-
	51	-

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	
	31 December 2022 \$'000	31 December 2021 \$'000
Nil (2021: 0.25 cent per qualifying ordinary share)	-	1,104
	-	1,104

9 Net asset value

	Group		Company	
	31 December 2022 (cents)	31 December 2021 (cents)	31 December 2022 (cents)	31 December 2021 (cents)
Net asset value per ordinary share based on issued share capital at the end of:	20.65	43.32	12.37	20.68
	20.65	43.32	12.37	20.68

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 441,076,649 shares as at 31 December 2022 (31 December 2021: 441,419,549 shares).

10 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. Further, for the current period the fair value disclosure of lease liabilities is also not required.

	Carrying amount			Fair value			
	FVOCI - equity instruments \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group							
31 December 2022							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	22	-	22	22	-	-	22
Unquoted equity investments – at FVOCI	490	-	490	-	-	490	490
	512	-	512				
Financial assets not measured at fair value							
Trade and other receivables*	-	69,910	69,910				
Amount due from related parties	-	14,932	14,932				
Cash and bank balances	-	47,632	47,632				
	-	132,474	132,474				
Financial liabilities not measured at fair value							
Amount due to related parties	-	(10,697)	(10,697)				
Trade and other payables**	-	(133,460)	(133,460)				
Loans and borrowings	-	(107,544)	(107,544)	-	(102,014)	-	(102,014)
	-	(251,701)	(251,701)				

* Excluded tax prepayments, deposits and prepayments, advances to suppliers and government grant receivables

** Excluded GST payables and deferred income and provisions

Accounting classifications and fair values (cont'd)

	Carrying amount			Fair value			
	FVOCI - equity instruments \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group							
31 December 2021							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	18	–	18	18	–	–	18
Unquoted equity investments – at FVOCI	557	–	557	–	–	557	557
	<u>575</u>	<u>–</u>	<u>575</u>				
Financial assets not measured at fair value							
Trade and other receivables*	–	57,177	57,177				
Amount due from related parties	–	14,212	14,212				
Cash and cash equivalents	–	56,486	56,486				
	<u>–</u>	<u>127,875</u>	<u>127,875</u>				
Financial liabilities not measured at fair value							
Amount due to related parties	–	(12,646)	(12,646)				
Trade and other payables**	–	(91,193)	(91,193)				
Loans and borrowings	–	(86,009)	(86,009)	–	(81,493)	–	(81,493)
	<u>–</u>	<u>(189,848)</u>	<u>(189,848)</u>				

* Excluded tax prepayments, deposits and prepayments, advances to suppliers and government grant receivables

** Excluded GST payables and deferred income and provisions

Accounting classifications and fair values (cont'd)

	Carrying amount	
	Amortised cost \$'000	Total \$'000
Company		
31 December 2022		
Financial assets not measured at fair value		
Trade and other receivables	1,233	1,233
Amount due from related parties	64,417	64,417
Cash and cash equivalents	88	88
	65,738	65,738
Financial liabilities not measured at fair value		
Trade and other payables	(207)	(207)
Amount due to related parties	(64,964)	(64,964)
	(65,171)	(65,171)
31 December 2021		
Financial assets not measured at fair value		
Trade and other receivables	639	639
Amount due from related parties	99,974	99,974
Cash and cash equivalents	229	229
	100,842	100,842
Financial liabilities not measured at fair value		
Trade and other payables	(254)	(254)
Amount due to related parties	(63,305)	(63,305)
	(63,559)	(63,559)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial instruments measured at fair value – Group			
Unquoted equity investments – at FVOCI	The fair value of the equity investments is the net asset value of the investee entity adjusted for the fair value of the underlying properties, where applicable	Net asset value*	The estimated fair value varies directly with the net asset value of the entity.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
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Financial instruments not measured at fair value – Group and Company

Loan and borrowings	Discounted cash flows	Not applicable	Not applicable
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* Where the underlying investment is in equity shares of an entity, management relies on yearly unaudited financial statements for the determination of fair value. The underlying assets and liabilities are mainly short-term in nature, hence management has determined that the carrying value approximates fair value.

(ii) Transfers between Level 1 and 2

There were no transfers between Level 1 and 2 in 2022 and 2021.

(iii) Level 3 fair value

The following table shows the reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group Unquoted equity investments – at FVOCI \$'000
As 1 January 2021 and 1 January 2022	557
Net change in fair value of FVOCI financial assets	(67)
As at 31 December 2022	<u>490</u>

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for FY2022 and 2021 are insignificant.

11 Property, plant and equipment

During the financial year, the Group acquired assets amounting to \$8,837,000 (31 December 2021: \$7,998,000) of which \$370,000 was through acquisition of a subsidiary, and disposed assets amounting to \$86,000 (31 December 2021: \$505,000).

Measurement of recoverable amounts of property, plant and equipment

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

The Group estimated recoverable amount of property, plant and equipment, based on fair value less cost to sell method. The critical assumptions used for assessing the fair value of leasehold land, freehold land and leasehold properties included selling price per square metre based on recent market transactions for comparable property and adjusted for property size. The critical assumptions used for assessing the fair value of plant and machinery included the selling price for similar items, adjusted for machine age. The Group determined that the estimated recoverable amount of property, plant and equipment exceeded its carrying amount and no impairment losses were recognised.

12 Contract assets and contract liabilities

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

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Contract assets	83,067	57,599
Contract liabilities	(79,752)	(74,801)

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

The contract liabilities relate to:

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

13 Development properties

	Group	
	31 December 2022 \$'000	31 December 2021 \$'000
(a) Properties under development, for which revenue is to be recognised at a point in time		
Land and land related costs	72,379	81,795
Development costs	65,586	58,272
	137,965	140,067
Allowance for diminution in value	(25,180)	(24,964)
Properties under development	112,785	115,103
 (b) Completed development properties, at cost	 45,371	 67,817
Allowance for diminution in value	(8,639)	(9,478)
Completed development properties	36,732	58,339
Total development properties	149,517	173,442

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group	
	31 December 2022 \$'000	31 December 2021 \$'000
At 1 January	34,442	17,659
Allowance for diminution in value made during the year	3,084	17,541
Utilisation during the year	(678)	(1,841)
Translation differences on consolidation	(3,029)	1,083
At 31 December	33,819	34,442

The Group's properties under development and completed development properties are stated at the lower of cost and net realisable value. Taking into consideration the expected selling prices for the project based on external independent professional valuations undertaken or recent selling prices for the development projects, 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.

During the year, the Group engaged an independent professional valuer to value one of its development properties in PRC. The valuation was undertaken by the independent professional valuer who has appropriate recognised professional qualifications and recent experience in the location and category of the development properties being valued. The valuation was based on the comparable sales method, taking into consideration of the recent selling price per square meter for comparable properties and prevailing property market conditions. The key assumption used in the valuation is estimated selling price per square meter of the subject properties. Based on the valuation, the Group recognised an impairment loss of \$3,084,000 (2021: \$17,541,000) during the year.

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

During the year financial, completed development properties of \$20,297,000 (FY2021: \$25,821,000) were recognised as an expense and included in “Cost of sales of development properties”.

14 Provisions

Included in trade and other payables are provisions as disclosed below.

	Provision for penalties \$'000	Provision for onerous contracts \$'000	Total \$'000
Group			
At 1 January 2021	4,688	15,656	20,344
Provision made during the year	646	31,296	31,942
Utilisation during the year	-	(5,556)	(5,556)
At 31 December 2021	5,334	41,396	46,730
At 1 January 2022	5,334	41,396	46,730
Provision made during the year	1,336	47,664	49,000
Utilisation during the year	(2,108)	(13,800)	(15,908)
At 31 December 2022	4,562	75,260	79,822

The provisions for penalties and onerous contracts made during the period have been included in “costs of sales of development properties”, “Other expenses” and “Cost of construction contracts and engineering solutions” respectively.

Provision for penalties was made for late completion of development and administrative fine in connection to one of the PRC development projects in FY2021.

Provisions for onerous contracts relate to expected losses arising from non-cancellable construction contracts where the expected total contract costs exceed the total contract sums and are expected to be materialised as these contracts progress towards completion. The Group conducts critical review of all its contracts regularly. The Group monitors and reviews the

progress of all the contracts, taking into consideration inputs from internal project managers and external customers in estimating these total contract costs to complete as well as in the evaluation of any potential risks and factors which may affect contract price, cost and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

15 Loans and borrowings

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Amount repayable within one year or on demand		
Secured bank loans	91,742	54,879
Lease liabilities	1,040	1,121
	92,782	56,000
Amount repayable after one year		
Secured bank loans	15,802	31,130
Lease liabilities	3,229	3,783
	19,031	34,913
Total loans and borrowings	111,813	90,913

The secured bank loans are secured on the following assets:

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	3,958	9,757
Freehold land	3,781	14,025
Leasehold properties	36,102	45,505
Investment properties	-	3,574
Plant and machinery	1,352	621
Fixed deposits	556	575
Assets held for sale	25,089	-
Total	70,838	74,057

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

16 Share capital

	31 December 2022		31 December 2021	
	No of shares	\$'000	No of shares	\$'000
Issued and fully paid ordinary shares, excluding treasury shares				
As at 1 January	441,419,549	177,074	441,419,549	177,074
Treasury shares	(342,900)	(33)	-	-
As at 31 December	<u>441,076,649</u>	<u>177,041</u>	<u>441,419,549</u>	<u>177,074</u>

The Company held 18,547,200 treasury shares (18,204,300 treasury share as at 31 December 2021) which represent 4.20% (4.12% as at 31 December 2021) of the total number of issued shares of the Company (excluding treasury shares).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not have any outstanding options or convertibles as at end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year.

17 Acquisition of subsidiary

On 1 August 2022, the Group acquired 51% shares in AMP Systems Pte. Ltd. (“AMP”) for a consideration of \$3,331,000. AMP’s principal activities are in provision of electrical & mechanical engineering works.

The acquisition was accounted for as an acquisition of business.

The fair value of assets acquired and liabilities assumed at the date of acquisition and the cash flow effect of the acquisition is as follow:

	2022
	\$'000
Identifiable assets acquired and liabilities assumed at the date of acquisition	
Property, plant and equipment	370
Investment property	382
Trade and other receivables	1,768
Subscriptions shares	2,531
Cash and cash equivalents	2,757
Trade and other payables	(1,025)
Loan and borrowings	(632)
Income tax payables	(53)
Total identifiable net assets at fair value	<u>6,098</u>
Effect of the acquisition on cash flows	
Cash paid	(800)
Less: cash at bank of subsidiary acquired	2,757
Net cash inflow on acquisition	<u>1,957</u>

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	\$'000
Consideration paid to vendor	800
Consideration for subscription of shares	2,531
Total consideration	3,331
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree	2,988
Fair value of identifiable net assets	(6,098)
Goodwill	221

The acquisition resulted in a goodwill of \$221,000 because the considered transferred exceeded the fair value of assets acquired and liabilities assumed. The goodwill has been written off in the 'other expenses' in the consolidated statement of comprehensive income for the year ended 31 December 2022.

18 Significant commitments

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

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Development costs contracted but not provided for:		
- subsidiaries	6,842	13,591
- joint ventures	8,893	22,346
	15,735	35,937

19 Financial guarantee

	Company	
	31 December 2022	31 December 2021
	\$'000	\$'000
Significant issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for its subsidiaries	547,633	652,168

Other Information Required by Listing Rule Appendix 7.2

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

2. Whether the figures have been audited or reviewed, the auditors' report (including any modification or emphasis of a matter).

Not Applicable.

3. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information for the current financial year reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2021.

4. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all new and revised Singapore Financial Standards (International) ("SFRS(I)") issued by the Accounting Standards Council that are relevant to the Group and effective for financial year beginning on 1 January 2022.

The adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s does not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements of the Group for the current reporting period or the prior year's reporting period.

5. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group Performance for 2H2022 vs 2H2021

Overview

	<u>Construction</u>	<u>Engineering</u>	<u>Property</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
		<u>Solution</u>	<u>Development</u>			
	6 Months Ended 31 December 2022					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	179,152	37,654	9,255	-	(17,959)	208,102
Costs	(203,731)	(36,044)	(8,094)	-	17,959	(229,910)
Gross (Loss)/Profit	(24,579)	1,610	1,161	-	-	(21,808)
Other income	2,434	800	24	317	(90)	3,485
Impairment arising from property development business	-	-	(3,084)	-	-	(3,084)
Depreciation	(3,294)	(216)	(4)	(21)	-	(3,535)
Selling expenses	-	-	(784)	-	-	(784)
Staff costs	(5,820)	(2,236)	(721)	(962)	-	(9,739)
Other operating expenses	(2,519)	(1,464)	(3,996)	(1,401)	90	(9,290)
Loss from operating activities	(33,778)	(1,506)	(7,404)	(2,067)	-	(44,755)

	<u>Construction</u>	<u>Engineering</u>	<u>Property</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
		<u>Solution</u>	<u>Development</u>			
	6 Months Ended 31 December 2021					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	80,320	30,989	13,014	-	(9,673)	114,650
Costs	(106,215)	(30,635)	(9,750)	-	10,813	(135,787)
Gross (Loss)/Profit	(25,895)	354	3,264	-	1,140	(21,137)
Other income	5,883	1,349	60	252	(1,272)	6,272
Impairment arising from property development business	-	-	(20,216)	-	-	(20,216)
Depreciation	(3,168)	(191)	(5)	(69)	-	(3,433)
Selling expenses	-	1	(1,017)	-	81	(935)
Staff costs	(7,120)	(2,437)	(777)	(349)	-	(10,683)
Other operating expenses	(1,737)	(769)	(2,478)	(172)	51	(5,105)
Loss from operating activities	(32,037)	(1,693)	(21,169)	(338)	-	(55,237)

As a whole, the Group reported a lower operating loss in 2H2022 of \$44.8 million as compared to a loss of \$55.2 million in 2H2021. The narrowed loss was mainly due to a smaller loss recorded from property development, an impairment loss of \$20.2 million was provided in 2H2021, following deteriorated property development market in PRC. The lower loss was partially offset by a higher provision made on construction projects to cater for construction cost pressure across raw material, labour and subcontracting contracts which began to manifest in early 2H2022.

Group Revenue and Revenue from construction, engineering solutions and property development segment

Group revenue increased by approximately \$93.4 million from \$114.7 million in 2H2021 to \$208.1 million in 2H2022, which was mainly due to the increase in revenue from construction and engineering solutions following the resumption of construction work, which was partially offset by the decrease in revenue from property development.

Gross loss in construction segment

The Group reported a gross loss of \$24.6 million in 2H2022 as compared to a gross loss of \$25.9 million in 2H2021. The gross loss recorded in both 2H2022 and 2H2021 were mainly attributable to cost pressure experienced especially in 2H2022 with the effect of increase in construction materials price and additional cost led by re-awarding sub-contract works to other sub-contractors following certain sub-contractors no longer able to sustain the financial ramifications with the tapering off of the support scheme from government.

Gross profit in engineering solutions

The Group reported a higher gross profit of \$1.6 million in 2H2022 as compared to a gross profit of \$0.4 million in 2H2021 due to higher production volume to cover the segment production overhead, differences in profitability from various projects over the two periods.

Gross profit in property development segment

The decrease in gross profit from \$3.3 million in 2H2021 to \$1.2 million in 2H2022 mainly due to the difference in projects' profile and relative profitability in the units recognised over the two periods.

Other income

Our other income decreased by approximately \$2.8 million from \$6.3 million in 2H2021 to \$3.5 million in 2H2022 mainly due to tapering of government support and one time gain from disposal of asset held for sale in 2H2022.

Expenses

Our selling expenses decrease by approximately \$0.1 million from \$0.9 million in 2H2021 to \$0.8 million in 2H2022 mainly due to decrease in sales commission for the sale of development properties following lower revenue recognition.

Our staff costs decreased by approximately \$1.0 million from \$10.7 million in 2H2021 to \$9.7 million in 2H2022 mainly due to lower bonus payment in FY2022.

Our other expenses increased by approximately \$4.2 million from \$5.1 million in 2H2021 to \$9.3 million in 2H2022 due to provision of impairment on joint venture of \$2.6 million, higher repair and maintenance and operating lease expenses.

Net finance costs

Our net finance costs increased by approximately \$2.3 million from \$1.5 million in 2H2021 to \$3.8 million in 2H2022 mainly due to higher borrowing cost following the increase in interest rate and exchange loss recorded in 2H2022 in contrast to exchange gain in 2H2021.

Share of profit of joint ventures, net of tax

The Group registered a higher share of profit from joint ventures by approximately \$2.8 million from \$1.5 million in 2H2021 to \$4.3 million in 2H2022 due mainly to higher net contribution from joint ventures projects.

Loss for the period

As a result of the foregoing, 2H2022 reported a loss after tax of approximately \$41.4 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Performance for FY2022 vs FY2021

Overview

	<u>Construction</u>	<u>Engineering</u>	<u>Property</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
		<u>Solution</u>	<u>Development</u>			
	12 Months Ended 31 December 2022					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	297,232	53,785	26,076	-	(20,315)	356,778
Costs	(335,228)	(62,980)	(20,507)	-	20,315	(398,400)
Gross (Loss)/Profit	(37,996)	(9,195)	5,569	-	-	(41,622)
Other income	4,002	1,698	34	431	(180)	5,985
Impairment arising from property development business	-	-	(3,084)	-	-	(3,084)
Depreciation	(6,259)	(395)	(8)	(47)	-	(6,709)
Selling expenses	-	-	(1,136)	-	-	(1,136)
Staff costs	(12,029)	(4,496)	(1,293)	(1,564)	-	(19,382)
Other operating expenses	(5,099)	(7,244)	(5,540)	(2,046)	180	(19,749)
Loss from operating activities	(57,381)	(19,632)	(5,458)	(3,226)	-	(85,697)

	<u>Construction</u>	<u>Engineering</u>	<u>Property</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
		<u>Solution</u>	<u>Development</u>			
	12 Months Ended 31 December 2021					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	190,632	85,155	35,347	-	(17,752)	293,382
Costs	(209,632)	(81,704)	(25,821)	-	20,354	(296,803)
Gross (Loss)/Profit	(19,000)	3,451	9,526	-	2,602	(3,421)
Other income	8,913	2,882	87	702	(2,865)	9,719
Impairment arising from property development business	-	-	(20,216)	-	-	(20,216)
Depreciation	(6,646)	(397)	(12)	(133)	-	(7,188)
Selling expenses	-	-	(1,853)	-	81	(1,772)
Staff costs	(12,515)	(4,822)	(1,224)	(723)	-	(19,284)
Other operating expenses	(3,473)	(1,563)	(3,189)	(1,015)	182	(9,058)
Loss from operating activities	(32,721)	(449)	(16,881)	(1,169)	-	(51,220)

As a whole, the Group reported a loss from operating activities of \$85.7 million in FY2022 as compared to a loss of \$51.2 million in FY2021. The increase in loss mainly suffered from both construction and engineering solution segments, due to the increased construction materials price, labour costs and additional cost led by re-awarding sub-contract works to other sub-contractors, and Ukraine war and supply chain disruption continue to add cost to the Group's pre-Covid projects. As a result, additional onerous contract provision of \$47.7 million was recorded for non-cancellable construction contracts in FY2022.

Group revenue and revenue from construction and engineering solutions segments

Revenue increased by approximately \$63.4 million or 21.6% yoy from approximately \$293.4 million in FY2021 to approximately \$356.8 million in FY2022, mainly driven by pick up of construction activities.

Revenue from sales of development properties

Revenue from sales of development properties in FY2022 amounted to \$26.1 million contributed mainly from the sale recognition of 11 units (3,654 sqm) from Tranquility Project and 18 units (3,784 sqm) from Equinox Project. In FY2021, revenue amounted to \$35.3 million contributed mainly from the sale recognition of 9 units (2,942 sqm) from Tranquility Project and 35 units (7,336 sqm) from Equinox Project.

As at 31 December 2022, approximately \$22.4 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects		Total	Total Launch	Sold and recognised	Sold but yet to be recognised	Unsold Inventories	Future Launch	ASP^ psm for units sold but yet to be recognized (RMB)
Equinox	Units	Note 1	565	394	34	137	Note 1	14,325
	Area ('000 sqm)	172	109	78	7	24	63	
Tranquility	Units	636	636	634	1	1	-	20,952
	Area ('000 sqm)	100	100	98	1	1	-	

Note 1: Products for subsequent phases to be finalized on accordance to market demand

^ Average selling price

Gross loss in construction segment

Construction segment reported a gross loss of \$38.0 million in FY2022 as compared to a gross loss of \$19.0 million in FY2021. Higher gross loss due to cost pressure experienced especially with the effect of increase in construction materials price and additional cost led by re-awarding sub-contract works to other sub-contractors following certain sub-contractors no longer able to sustain the financial ramifications with the tapering off of the support scheme from government.

Gross (loss)/profit in engineering solutions segment

Engineering Solution segment reported a gross loss of \$9.2 million in FY2022 as compared to a gross profit of \$3.5 million in FY2021, which was mainly due to decrease in mass engineered timber and prefabricated prefinished volumetric construction (“PPVC”) work in engineering segment and an impairment loss of \$5 million was recorded for one of projects as well as the effect of over recognition of RVD revenue in prior years.

Gross profit in property development segment

Decrease in gross profit from \$9.5 million in FY2021 to \$5.6 million in FY2022 mainly due to the difference in projects’ profile and relative profitability in the units recognised over the two periods.

Other income

Our other income decreased by approximately \$3.7 million from \$9.7 million in FY2021 to \$6.0 million in FY2022 mainly due to tapering of government support.

Impairment arising from property development business

The Group recorded \$3.1 million impairment loss on property development in FY2022 as compared to \$20.2 million in FY2021, which was mainly due to national deleveraging policies for the property market in PRC, as a result, the valuation of the Group's property development business had been adversely impacted in both FY2021 and FY2022.

Expenses

Our selling expenses decrease by approximately \$0.7 million from \$1.8 million in FY2021 to \$1.1 million in FY2022 mainly due to decrease in sales commission for the sale of development properties following lower revenue recognition.

Our other expenses increased by approximately \$10.6 million from \$9.1 million in FY2021 to \$19.7 million in FY2022 due to provision of impairment on contract assets of \$5.0 million and provision of impairment on joint venture of \$2.6 million as well as higher repair and maintenance and operating lease expenses.

Net finance costs

Our net finance costs increased by approximately \$3.3 million from \$2.5 million in FY2021 to \$5.8 million in FY2022 mainly due to higher borrowing cost following the increase in interest rate and exchange loss recorded in FY2022 in contrast to exchange gain in FY2021.

Share of profit of joint ventures, net of tax

The Group registered a higher share of profit from joint ventures by approximately \$3.0 million from \$1.9 million in FY2021 to \$4.9 million in FY2022 due mainly to higher net contribution from joint ventures projects.

Loss for the year

As a result of the foregoing, FY2022 reported a loss for the year of approximately \$85.9 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-current assets

Our non-current assets decreased by approximately \$43.3 million from \$167.0 million as at 31 December 2021 to \$123.7 million as at 31 December 2022.

The decrease in non-current assets was mainly due to reclassification of \$25.1 million from investment property and property, plant and equipment to assets held for sale, and decrease in joint ventures by \$17.7 million due to the reclassification of shareholder loan, which is expected to receive within next 12 months. The decrease was partially offset by the increase in non-current trade and other receivables by approximately \$5.1 million from \$15.7 million as at 31 December 2021 to \$20.8 million as at 31 December 2022, which was mainly due to increase in retention sum receivables following pick up in construction activities.

Current assets

Our current assets increased by approximately \$39.6 million from \$352.9 million as at 31 December 2021 to \$392.5 million as at 31 December 2022. The increase in current assets was mainly due to:

- (i) Reclassification of shareholder loan of a joint venture, which is due to receive within next 12 months.
- (ii) Reclassification of investment property and property, plant and equipment of approximately of \$25.1 million to assets held for sale, which is expected to realise within next 12 months.
- (iii) Increase in contracts assets by approximately \$25.5 million to \$83.1 million as at 31 December 2022, which was mainly attributable to the more construction works performed during the year and timing difference between revenue recognition and actual billing over the periods under review.

The decrease was partially offset by:

- (iv) Decrease in inventories by \$4.2 million to \$1.4 million as at 31 December 2022 mainly due to delivery of precast tunnel and installation of mass engineered timber held as inventories as at 31 December 2021.
- (v) Decrease in development properties by \$23.9 million to \$149.5 million as at 31 December 2022 was due mainly to provision allowance for diminution in value of \$3.1 million and revenue recognition partially offset by development cost incurred for the same period.
- (vi) Decrease in cash and bank balances by \$8.9 million to \$47.6 million as at 31 December 2022 mainly due to negative operating cash flow generated, capital expenditure and increase investment in joint venture.

Non-current liabilities

Our non-current liabilities decreased by approximately \$13.7 million from \$45.6 million as at 31 December 2021 to \$31.9 million as at 31 December 2022.

The decrease in non-current liabilities was mainly due to the decrease in loan and borrowings by approximately \$15.9 million to \$19.0 million as at 31 December 2022 that due to reclassification of borrowings due within 12 months to current liabilities. The decrease in non-current liabilities was partially offset by the increase in non-current trade and other payables by approximately \$2.5 million to \$12.3 million as at 31 December 2022, which was mainly due to increase in retention sum payables arising from increased construction activities.

Current liabilities

Our current liabilities increased by approximately \$108.5 million from \$280.1 million as at 31 December 2021 to \$388.6 million as at 31 December 2022. The increase in current liabilities was mainly due to:

- (i) Increase in contract liabilities by approximately \$5.0 million to \$79.8 million as at 31 December 2022 mainly due to increase in the excess of progress billing over construction revenue over the period under review.
- (ii) Increase in trade and other payables by approximately \$72.8 million to \$202.4 million as at 31 December 2022, of which, increase in trade and other payables of \$26.0 million and provision for onerous contract of \$47.7 million.
- (iii) Increase in loan and borrowings by approximately \$36.8 million to \$92.8 million as at 31 December 2022 was due to addition drawdown to finance construction projects.

The increase was partially offset by the decrease in current tax payable by approximately \$4.1 million to \$3.0 million as at 31 December 2022 was due to tax finalisation and settlement for certain PRC entities.

Review of Statement of Cash Flows

Net cash used in operating activities

Net cash used in operating activities was approximately \$13.6 million, which was a result of operating cash outflows before working capital changes of approximately \$12.3 million, movement in working capital of approximately \$2.1 million, and payment for tax of approximately \$3.3 million. The increase in working capital of \$2.1 million was primarily due to the increase in net contract assets of approximately \$25.9 million, increase in trade and other receivables of approximately \$8.3 million and a decrease in balances with related parties of \$1.6 million. This was partially offset by a decrease in development properties of approximately \$7.0 million, a decrease in inventories of approximately \$4.2 million and an increase in trade and other payables of approximately \$26.4 million.

Net cash used in investing activities

Net cash used in investing activities was approximately \$7.1 million in FY2022, which was primarily due to the purchase of plant and machinery of \$8.3 million and investment in joint venture of \$2.3 million, which was partially offset by the proceeds from disposal of plant and equipment and cash acquired from a new subsidiary.

Net cash from financing activities

Net cash from financing activities was approximately \$14.5 million in FY2022, which was primarily due to new borrowing received from banks to finance its projects.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the Company's profit guidance released on 24 February 2023.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Construction Outlook in Singapore

The preliminary construction demand in Singapore reached \$29.8 billion in 2022, which is similar to the \$29.9 billion recorded in 2021, supported by residential and infrastructure projects in both public and private sectors¹. Looking forward, the Building and Construction Authority (BCA) has projected construction demand to remain strong in 2023, with total construction demand ranging between \$27 billion and \$32 billion, and the public sector forming about 60% of total construction demand.

The Group has suffered losses over the last few years due to a surge in costs for onerous non-cancellable construction projects contracted pre-COVID, because of supply chain disruptions and labour shortages. The Group aims to achieve Temporary Occupation Permit (“TOP”) status for six of these projects in a timely manner over the course of 2023. This will clear up the backlog of old projects, freeing up our capacity to take on new and profitable projects. Following the resumption of industry activity and the corresponding economic rebound, new construction demand in the built environment is emerging. Disrupted supply chains have also begun to normalise, signalling a return to stable operating conditions in the year ahead. Construction material market prices for cement, steel bars and ready-mixed concrete, as tracked by BCA, have remained fairly stable from October 2022 to December 2022². This stability in material prices is expected to continue into 1H2023, as projected by construction consultancy Linesight³.

The Group’s order book as at 31 December 2022 stood at approximately \$1.1 billion, which is expected to extend till 2024.

Property Development Outlook in China and Singapore

China

China’s property sector has been under pressure over the last year due to the financial woes of developers, a lack of confidence in the industry from buyers, and general weakness of the economy caused by strict COVID-19 lockdowns⁴. To help prop up its embattled property market, the Chinese authority has been implementing policies targeted at revitalising the industry. These include reducing mortgage board rates, reducing down payments, increasing subsidies, and loosening financing requirements for developers. China is also employing

¹ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023#:~:text=The%20preliminary%20total%20construction%20demand,both%20public%20and%20private%20sectors.>

² <https://www1.bca.gov.sg/docs/default-source/docs-corp-form/free-stats.pdf>

³ https://assets.ctfassets.net/11sus2df1m8x/4D0NuTFMe6aNt5BIJQYBxd/1104fdc5fc20af1850245ab950cb3160/Linesight_Singapore_Commodities_and_Insights_Report_Q3_2022_b.pdf

⁴ <https://www.scmp.com/business/article/3188925/china-home-prices-fall-11th-straight-month-suspended-construction-mortgage>

economic stimulus through public infrastructure projects in a bid to boost the economy, even as private sector contribution shrinks⁵.

As at 31 December 2022, approximately \$22.4 million of gross development value, comprising 34 units (7,231 sqm) of the Equinox and 1 unit (300 sqm) of Tranquillity Residences, were sold, but are yet to be recognised as revenue in accordance with the Group’s revenue recognition policy. For the Tranquillity Residences project in Suzhou New District Development zone, approximately 99.7% of the total 636 completed units were sold.

As at 31 December 2022, approximately 75.8% of the total 565 units launched for the Equinox have been sold. Based on its current existing phase development plan and schedule, the Group is carrying out construction for two phases, E3 and G1, with expected completion and handover in mid-2023.

Singapore

Prices of private residential homes in Singapore have risen by 8.6% for 2022, compared with 10.6% increase in 2021, according to the Urban Redevelopment Authority (“URA”)⁶. For the whole of 2022, prices of non-landed properties in Core Central Region (CCR) increased by 4.8%.

The Group’s joint venture project known as Sloane Residences located at 17 Balmoral Road (“Balmoral Project”) has achieved TOP in November 2022. All 52 units had been sold out with selling price ranging from \$2,585 psf to \$3,339 psf at date of this announcement.

The Group’s second joint venture project known as Cairnhill 16 at 16 Cairnhill Rise (“Cairnhill Project”) has also reopened its sales gallery in January 2023, after undergoing a sleek transformation. The revamp has already renewed interest among buyers, with 13 of the 39 available units sold within weeks of the reopening. The project is an exclusive 15-storey freehold residential condominium at 16 Cairnhill Rise in District 9, Singapore’s prime residential district (CCR).

8. If a decision regarding dividend has been made:

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on? - No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? - Yes

Name of dividend	First and final
Dividend type	Cash
Dividend amount per share	0.25 Singapore cent per ordinary share
Tax rate	1-tier tax exempt

⁵ <https://www.bloomberg.com/news/articles/2022-08-24/china-plans-more-measures-to-stabilize-economy-as-recovery-slows>

⁶ <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr23-02>

(c) **Date payable**

Not applicable.

(d) **Books closure date**

Not applicable.

9. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial year ended 31 December 2022. The Board of Directors of the Company deems it appropriate to conserve cash for the Group's working capital.

10. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as require under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 31 December 2022.

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$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 \$100,000)	
		2H2022	FY2022	2H2022	FY2022
		\$'000	\$'000	\$'000	\$'000
<u>Hiring charges</u>					
Peck Tiong Choon Transport (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	-	2,367	3,902
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	-	19	28
Total		-	-	2,386	3,930
<u>Lease of Storage Space</u>					
Peck Tiong	Subsidiary of	721	1,445	-	-

Choon Logistic (Pte) Ltd	Controlling Shareholder, Peck Tiong Choon (Private) Limited				
Total		721	1,445	-	-
Total Transactions with associates of a Controlling Shareholder		721	1,445	2,386	3,930
Consultancy fees					
G&T Multitask (Private Limited) [#]	Associate of Director, Pek Zhi Kai	333	500	-	-
Total		333	500	-	-
Total Transactions with Associates of a Director		333	500	-	-

[#] The Company appointed Mr Pek Lian Guan (“**Mr Pek**”), a former employee of the Company, as a consultant of the Group in May 2022. The intent is to avail the Group of Mr Pek’s knowledge in three main areas: strategic growth advisory, executive coaching for senior management, and digital transformation advisory services.

The Board considered the appointment of Mr Pek as consultant, having taken independent advice from relevant third-party advisors regarding the suitability of Mr Pek for the roles, the quantum of the consultancy fees payable, and the methodology and governance framework of implementing such an agreement. The Audit Committee and the Board were satisfied from the findings and advice of the third-party advisors that the consultancy agreement with Mr Pek was entered into on an arm’s length basis and is not prejudicial to the interests of the Company and its minority shareholders. Accordingly, the Audit Committee and the Board approved the proposal for Mr Pek to provide consultancy services to the Group. Mr Pay Sim Tee (who is a cousin of Mr Pek) and Mr Pek Zhi Kai (who is the son of Mr Pek) abstained from voting in the process of making this decision.

Mr Pek renders the consultancy services through G&T Multitask (Private Limited) which is 100% owned by Mdm Ong Geok Toe (who is the spouse of Mr Pek and the mother of Executive Director Mr Pek Zhi Kai). Accordingly, the consultancy agreement constitutes an interested person transaction.

11. A breakdown of sales and profit before tax.

	FY2022	FY2021	Increase / (Decrease) %
	\$’000	\$’000	
Sales reported for first half year	148,676	178,732	(17)
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(44,528)	1,270	N.M.
Sales reported for second half year	208,102	114,650	82
Operating loss after tax before deducting non-controlling interests reported for second half year	(41,387)	(54,008)	(23)

12. Persons Occupying Managerial Positions Pursuant to Rule 704(13)

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pay Sim Tee	72	<p>Uncle of Pek Zhi Kai (Executive Director)</p> <p>Cousin of Pek Dien Kee (Head of Asset Management).</p> <p>Uncle of Ong Chun Tiong (General Manager for the Group's subsidiaries in PRC), Pek Chik Lay (Managing Director of Robin Village International Pte Ltd's Group and Cobiax Technologies (Asia) Pte Ltd), Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd) and Pay Simin Jasmine (Contracts Manager of Tiong Seng Contractors (Private) Limited).</p>	Executive Director and Chief Executive Officer ("CEO") of Tiong Seng Holdings Ltd (the "Company").	Not Applicable
Pek Zhi Kai	32	Nephew of Pay Sim Tee (Executive Director & CEO)	Executive Director of the Company since July 2021	Mr. Pek is now responsible for business and strategic development for the Group's three business arms (Construction, Engineering Solutions and Property Development)
Pek Dien Kee	69	<p>Cousin of Pay Sim Tee (Executive Director and CEO).</p> <p>Uncle of Pek Zhi Kai (Executive Director)</p>	Head of Asset Management since 2010	Not Applicable

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Ong Chun Tiong	50	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	General Manager for the Group's subsidiaries in PRC since 2004	Not Applicable
Pek Chik Lay	46	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	General Manager of Cobiax Technologies (Asia) Pte Ltd since 2012 and Robin Village International ("RVI") Pte Ltd since 2016. Managing Director of Cobiax Technologies (Asia) Pte Ltd and RVI's Group since December 2020.	Not Applicable
Peh Geok Soon	68	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd since 2003 & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd since 2011	Not Applicable
Pay Simin Jasmine	41	Niece of Pay Sim Tee (Executive Director & CEO) Cousin of Pek Zhi Kai (Executive Director)	Contracts Manager of Tiong Seng Contractors Pte Ltd since 2015	Not applicable

13. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that undertakings have been procured from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
28 February 2023