

**Tiong Seng Holdings Limited  
and its subsidiaries  
Registration Number: 200807295Z**

**Condensed Interim Financial Statements  
For the six months ended 30 June 2022**

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**Condensed interim consolidated statement of comprehensive income**

	<b>Note</b>	<b>6 months ended 30 June 2022 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>	<b>Change %</b>
<b>Revenue</b>				
Revenue from construction contracts and engineering solutions	4	131,855	156,399	-16%
Revenue from sales of development properties	4	16,821	22,333	-25%
		<u>148,676</u>	<u>178,732</u>	-17%
Other income		<u>2,500</u>	<u>3,447</u>	-27%
Costs of construction contracts and engineering solutions		(156,077)	(144,945)	8%
Costs of sales of development properties		(12,413)	(16,071)	-23%
Depreciation and amortisation		(3,174)	(3,755)	-15%
Selling expenses		(352)	(837)	-58%
Staff costs		(9,643)	(8,601)	12%
Other expenses		(10,459)	(3,953)	>100%
		<u>(192,118)</u>	<u>(178,162)</u>	8%
<b>(Loss)/Profit from operating activities</b>		(40,942)	4,017	N.M
Finance income		277	509	-46%
Finance costs		(2,256)	(1,528)	48%
<b>Net finance costs</b>		<u>(1,979)</u>	<u>(1,019)</u>	94%
Share of profit of joint ventures, net of tax		<u>538</u>	<u>393</u>	37%
<b>(Loss)/Profit before tax</b>	5	(42,383)	3,391	N.M
Tax expense	7	(2,145)	(2,121)	1%
<b>(Loss)/Profit for the period</b>		<u>(44,528)</u>	<u>1,270</u>	N.M

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 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	Change %
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Translation differences relating to financial statements of foreign subsidiaries		(3,441)	2,246	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation		(971)	1,275	N.M
<b>Other comprehensive income for the period, net of tax</b>		<u>(4,412)</u>	<u>3,521</u>	N.M
<b>Total comprehensive income for the period</b>		<u><u>(48,940)</u></u>	<u><u>4,791</u></u>	N.M
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company		(44,005)	1,376	N.M
Non-controlling interests		(523)	(106)	>100%
<b>(Loss)/Profit for the period</b>		<u><u>(44,528)</u></u>	<u><u>1,270</u></u>	N.M
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(48,153)	4,490	N.M
Non-controlling interests		(787)	301	N.M
<b>Total comprehensive income for the period</b>		<u><u>(48,940)</u></u>	<u><u>4,791</u></u>	N.M
<b>Earnings per share</b>				
- Basic and diluted (cents) <sup>1</sup>		<u>(9.97)</u>	<u>0.31</u>	N.M

<sup>1</sup>The earnings per share net of non-controlling interests has been calculated based on 441,419,549 (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	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	91,237	94,545	-	-
Intangible assets		178	201	-	-
Investment properties		3,721	3,760	-	-
Right-of-use assets		3,292	3,900	-	-
Subsidiaries		-	-	53,986	53,986
Associates and joint ventures		41,577	41,113	-	-
Trade and other receivables		16,013	15,673	-	-
Amount due from related parties		4,599	4,534	-	-
Other investments		959	959	-	-
Deferred tax assets		2,279	2,276	-	-
		<u>163,855</u>	<u>166,961</u>	<u>53,986</u>	<u>53,986</u>
<b>Current assets</b>					
Inventories		4,344	5,564	-	-
Contract costs		1,077	993	-	-
Contract assets	12	54,954	57,599	-	-
Development properties	13	162,025	173,442	-	-
Trade and other receivables		49,165	49,098	1,077	639
Amounts due from related parties		8,185	9,678	99,974	99,974
Cash and cash equivalents		68,117	56,486	151	229
		<u>347,867</u>	<u>352,860</u>	<u>101,202</u>	<u>100,842</u>
<b>Total assets</b>		<u>511,722</u>	<u>519,821</u>	<u>155,188</u>	<u>154,828</u>
<b>Equity attributable to owners of the Company</b>					
Share capital		181,947	181,947	181,947	181,947
Treasury shares		(4,873)	(4,873)	(4,873)	(4,873)
Reserves		(80,148)	(76,000)	(45,850)	(45,850)
Retained earnings/(Accumulated losses)		45,020	90,129	(39,717)	(39,955)
		<u>141,946</u>	<u>191,203</u>	<u>91,507</u>	<u>91,269</u>
<b>Non-controlling interests</b>		2,180	2,967	-	-
<b>Total equity</b>		<u>144,126</u>	<u>194,170</u>	<u>91,507</u>	<u>91,269</u>
<b>Non-current liabilities</b>					
Trade and other payables		10,350	9,847	-	-
Loans and borrowings	15	30,529	34,913	-	-
Deferred tax liabilities		754	832	-	-
		<u>41,633</u>	<u>45,592</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Contract liabilities	12	101,247	74,801	-	-
Trade and other payables	14	143,160	129,557	175	254
Amounts due to related parties		12,238	12,646	63,506	63,305
Loans and borrowings	15	62,823	56,000	-	-
Current tax payable		6,495	7,055	-	-
		<u>325,963</u>	<u>280,059</u>	<u>63,681</u>	<u>63,559</u>
<b>Total liabilities</b>		<u>367,596</u>	<u>325,651</u>	<u>63,681</u>	<u>63,559</u>
<b>Total equity and liabilities</b>		<u>511,722</u>	<u>519,821</u>	<u>155,188</u>	<u>154,828</u>

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

**Condensed interim consolidated statement of changes in equity**

The Group	Note	Attributable to owners of the Company								Non-controlling interests	Total equity	
		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
<b>At 1 January 2022</b>		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	90,129	191,203	2,967	194,170
<b>Total comprehensive income for the period</b>												
Loss for the period		-	-	-	-	-	-	-	(44,005)	(44,005)	(523)	(44,528)
<b>Other comprehensive income</b>												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	(3,177)	-	(3,177)	(264)	(3,441)
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	(971)	-	(971)	-	(971)
Total other comprehensive income		-	-	-	-	-	-	(4,148)	-	(4,148)	(264)	(4,412)
<b>Total comprehensive income for the period</b>		-	-	-	-	-	-	(4,148)	(44,005)	(48,153)	(787)	(48,940)
<b>Transaction with owners, recognised directly in equity</b>												
<i>Contributions by and distributions to owners</i>												
Dividends paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
<b>Total transactions with owners of the Company</b>												
<b>At 30 June 2022</b>		181,947	(4,873)	(77,720)	(9,345)	3,746	209	2,962	45,020	141,946	2,180	144,126

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**Condensed interim consolidated statement of changes in equity (cont'd)**

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
<b>At 1 January 2021</b>		181,947	(4,873)	(77,720)	(9,345)	1,909	209	775	143,269	236,171	4,836	241,007
<b>Total comprehensive income for the period</b>												
Profit/(loss) for the period		-	-	-	-	-	-	-	1,376	1,376	(106)	1,270
<b>Other comprehensive income</b>												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	1,839	-	1,839	407	2,246
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	1,275	-	1,275	-	1,275
Total other comprehensive income		-	-	-	-	-	-	3,114	-	3,114	407	3,521
<b>Total comprehensive income for the period</b>		-	-	-	-	-	-	3,114	1,376	4,490	301	4,791
<b>Transaction with owners, recognised directly in equity</b>												
<i>Contributions by and distributions to owners</i>												
Dividends paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
<b>Total transactions with owners of the Company</b>									-	(1,104)	-	(1,104)
<b>At 30 June 2021</b>		181,947	(4,873)	(77,720)	(9,345)	1,909	209	3,889	143,541	239,557	5,137	244,694

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**Condensed interim consolidated statement of changes in equity (cont'd)**

The Company	Note	<u>Attributable to owners of the Company</u>				Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Retained earnings \$'000	
At 1 January 2022		181,947	(4,873)	(45,850)	(39,955)	91,269
<b>Total comprehensive income for the period</b>						
Profit for the period		-	-	-	1,342	1,342
<b>Transactions with owner, recognized directly in equity</b>						
Dividends paid	8	-	-	-	(1,104)	(1,104)
<b>At 30 June 2022</b>		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(39,717)</u>	<u>91,507</u>
At 1 January 2021		181,947	(4,873)	(45,850)	(27,887)	103,337
<b>Total comprehensive income for the period</b>						
Loss for the period		-	-	-	(532)	(532)
<b>Transactions with owner, recognized directly in equity</b>						
Dividends paid	8	-	-	-	(1,104)	(1,104)
<b>At 30 June 2021</b>		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(29,523)</u>	<u>101,701</u>

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

**Condensed interim consolidated statement of cash flows**

	<b>6 months ended 30 June 2022 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit from operating activities	(40,942)	4,017
Adjustments for:		
Impairment on contract assets	5,038	-
Provisions	18,185	1,837
Depreciation and amortisation	6,683	7,675
Gain on disposal of property, plant and equipment	(124)	-
	(11,160)	13,529
Changes in:		
Inventories	1,217	6,266
Contract costs	(84)	123
Contract assets/liabilities	24,053	(29,126)
Development properties	7,748	12,852
Trade and other receivables	(488)	(12,516)
Trade and other payables	(4,211)	15,885
Balances with related parties	1,091	(2)
<b>Cash generated from operations</b>	18,166	7,011
Tax paid	(2,606)	(1,580)
<b>Net cash generated from operating activities</b>	15,560	5,431
<b>Cash flows from investing activities</b>		
Loan to a joint venture	-	(1,453)
Loan repayment from joint ventures	-	590
Interest received	247	129
Proceeds from disposal of:		
- property, plant and equipment	134	36
Purchase of:		
- property, plant and equipment	(3,248)	(2,533)
<b>Net cash used in investing activities</b>	(2,867)	(3,231)

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

**Condensed interim consolidated statement of cash flows (cont'd)**

	<b>6 months ended 30 June 2022 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>
<b>Cash flows from financing activities</b>		
Decrease in restricted cash	7	11
Dividends paid to:		
- owners of the Company	(1,104)	(1,104)
Interest paid	(1,092)	(720)
Payments of lease liabilities	(538)	(754)
Proceeds from loans and borrowings	9,717	24,808
Repayment of loans and borrowings	(6,740)	(9,499)
Balances with related parties (non-trade)	-	(3,089)
<b>Net cash generated from financing activities</b>	<u>250</u>	<u>9,653</u>
<b>Net increase in cash and cash equivalents</b>	12,943	11,853
Cash and cash equivalents at beginning of the period	55,745	42,699
Effect of exchange rate changes on balances held in foreign currencies	(1,319)	245
<b>Cash and cash equivalents at end of the period</b>	<u><u>67,369</u></u>	<u><u>54,797</u></u>

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

## **Notes to the condensed interim consolidated financial statements**

These notes form an integral part of the condensed interim consolidated financial statements

### **1 Corporate information**

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

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

These condensed interim consolidated financial statements as at and for the six months ended June 2022 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, provision of engineering solutions and property development.

### **2 Basis of preparation**

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed consolidated interim financial statements do not include all the information required for 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 annual financial statements for the year ended 31 December 2021.

The accounting policies adopted 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.

The condensed consolidated 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.

#### **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 estimates and judgements**

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 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

	<b>Construction</b>	<b>Engineering</b>	<b>Property</b>	<b>Segments</b>	<b>Others*</b>	<b>Elimination</b>	<b>Total</b>
	<b>\$'000</b>	<b>solutions</b>	<b>development</b>	<b>total</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>1 January 2022 to 30 June 2022</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>			
External revenues	118,080	13,775	16,821	148,676	-	-	148,676
Inter-segment revenue		2,356		2,356		(2,356)	-
Interest income	585	2	197	784	256	(793)	247
Interest expenses	(674)	(419)	(174)	(1,267)	(572)	747	(1,092)
Impairment on contract assets	-	(5,038)	-	(5,038)	-	-	(5,038)
Provision	(17,470)	-	(715)	(18,185)	-	-	(18,185)
Depreciation and amortisation	(4,258)	(2,382)	(19)	(6,659)	(24)	-	(6,683)
Reportable segment (loss)/profit before tax	(24,031)	(18,428)	1,289	(41,170)	(1,751)	-	(42,921)
Share of gain of joint ventures, net of tax							538
Profit before tax							(42,383)
Tax expense							(2,145)
Profit for the period							(44,528)
Reportable segment assets	189,658	61,617	202,273	453,548	16,597		470,145
Investment in associates and joint ventures	9,947	600	31,030	41,577	-		41,577
Total assets							511,722
Reportable segment liabilities	272,618	48,345	46,211	367,174	422		367,596
Capital expenditure	605	2,641	2	3,248	-		3,248

\* Rental and general corporate activities

#### 4.1 Information about reportable segments

	<b>Construction \$'000</b>	<b>Engineering solutions \$'000</b>	<b>Property development \$'000</b>	<b>Segments total \$'000</b>	<b>Others* \$'000</b>	<b>Elimination \$'000</b>	<b>Total \$'000</b>
<b>1 January 2021 to 30 June 2021</b>							
External revenues	110,312	46,087	22,333	178,732	-	-	178,732
Inter-segment revenue	-	8,079	-	8,079	-	(8,079)	-
Interest income	585	2	117	704	173	(748)	129
Interest expenses	(379)	(360)	(171)	(910)	(558)	748	(720)
Provision	(1,200)	-	(637)	(1,837)	-	-	(1,837)
Depreciation and amortisation	(4,745)	(2,877)	(29)	(7,651)	(24)	-	(7,675)
Reportable segment (loss)/profit before tax	(644)	760	3,860	3,976	(978)	-	2,998
Share of gain of joint ventures, net of tax							393
Profit before tax							3,391
Tax expense							(2,121)
Profit for the period							1,270
Reportable segment assets	190,081	96,060	225,961	512,102	15,797	-	527,899
Investment in associates and joint ventures	9,098	677	31,640	41,415	-	-	41,415
Total assets							569,314
Reportable segment liabilities	207,638	66,862	49,608	324,108	512	-	324,620
Capital expenditure	411	2,082	10	2,503	30	-	2,533

\* Rental and general corporate activities

## 4.2 Disaggregation of Revenue

	<b>The Group 6 months ended 30 June 2022</b>						
	<b>Construction \$'000</b>	<b>Engineering solutions \$'000</b>	<b>Property development \$'000</b>	<b>Segments total \$'000</b>	<b>Others \$'000</b>	<b>Elimination \$'000</b>	<b>Total \$'000</b>
<b>Types of goods or services:</b>							
Revenue from construction contracts and engineering solutions	118,080	16,131	-	134,211	-	(2,356)	131,855
Revenue from sales of development properties	-	-	16,821	16,821	-	-	16,821
<b>Total revenue</b>	<b>118,080</b>	<b>16,131</b>	<b>16,821</b>	<b>151,032</b>	<b>-</b>	<b>(2,356)</b>	<b>148,676</b>
<b>Timing of revenue recognition:</b>							
At a point in time	-	12,082	16,821	28,903	-	(1,666)	27,237
Over time	118,080	4,049	-	122,129	-	(690)	121,439
<b>Total revenue</b>	<b>118,080</b>	<b>16,131</b>	<b>16,821</b>	<b>151,032</b>	<b>-</b>	<b>(2,356)</b>	<b>148,676</b>
<b>Geographical information:</b>							
Singapore	118,080	16,131	-	134,211	-	(2,356)	131,855
PRC	-	-	16,821	16,821	-	-	16,821
<b>Total Revenue</b>	<b>118,080</b>	<b>16,131</b>	<b>16,821</b>	<b>151,032</b>	<b>-</b>	<b>(2,356)</b>	<b>148,676</b>

## 4.2 Disaggregation of Revenue

	<b>The Group</b>						<b>Total</b>
	<b>6 months ended 30 June 2021</b>						
	<b>Construction</b>	<b>Engineering</b>	<b>Property</b>	<b>Segments</b>	<b>Others</b>	<b>Elimination</b>	
	<b>\$'000</b>	<b>solutions</b>	<b>development</b>	<b>total</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Types of goods or services:</b>							
Revenue from construction contracts and engineering solutions	110,312	54,166	-	164,478	-	(8,079)	156,399
Revenue from sales of development properties	-	-	22,333	22,333	-	-	22,333
<b>Total revenue</b>	<b>110,312</b>	<b>54,166</b>	<b>22,333</b>	<b>186,811</b>	<b>-</b>	<b>(8,079)</b>	<b>178,732</b>
<b>Timing of revenue recognition:</b>							
At a point in time	-	32,488	22,333	54,821	-	(6,276)	48,545
Over time	110,312	21,678	-	131,990	-	(1,803)	130,187
<b>Total revenue</b>	<b>110,312</b>	<b>54,166</b>	<b>22,333</b>	<b>186,811</b>	<b>-</b>	<b>(8,079)</b>	<b>178,732</b>
<b>Geographical information:</b>							
Singapore	110,312	54,166	-	164,478	-	(8,079)	156,399
PRC	-	-	22,333	22,333	-	-	22,333
<b>Total Revenue</b>	<b>110,312</b>	<b>54,166</b>	<b>22,333</b>	<b>186,811</b>	<b>-</b>	<b>(8,079)</b>	<b>178,732</b>

### 4.3 Major Customers

During the financial period ended 30 June 2022 and 30 June 2021, revenue from certain customers (named alphabetically A to D) of the Group's construction segment amounted to approximately \$65,538,000 (2021: \$29,425,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the period were as follows:

	30 June 2022		30 June 2021	
	\$'000	%	\$'000	%
Customer A	17,826	12	29,425	16
Customer B	16,787	11	-	-
Customer C	15,977	11	-	-
Customer D	14,948	10	-	-
Total	65,538	44	29,425	16

### 5 Profit before tax

#### Significant items

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

	Group		Change %
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	
<b>(a) Other incomes include</b>			
Fees from project and property management	(114)	(418)	-73%
Gain on disposal of:			
- property, plant and equipment	(124)	-	100%
- scrap parts and materials	(133)	(276)	-52%
Government grants/credit scheme	(1,517)	(1,965)	-23%
Training and testing fee income	(74)	-	100%
Management fees	(242)	(464)	-48%
<b>(b) Other expenses include</b>			
Advertisement and Commission expenses	242	828	-71%
Entertainment	242	314	-23%
Impairment on contract assets	5,038	-	100%
Legal and Professional fees	1,202	806	49%
Short term/low value lease expenses	532	116	>100%
Property management expenses	129	352	-63%
Repair and maintenance	1,377	657	>100%
Travelling and transport	161	147	10%

	<b>Group</b>		
	<b>6 months ended 30 June 2022 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>	<b>Change %</b>
<b>(c) Finance income and costs include</b>			
Interest income on:			
- cash and cash equivalents	(247)	(129)	91%
Interest expense on:			
- bank loans	1,018	641	59%
- lease liabilities	74	79	-6%
Exchange loss/(gain) (net)	110	(259)	N.M

## 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:

	<b>Group</b>	
	<b>6 months ended 30 June 2022 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>
<b>Affiliated corporations</b>		
Lease of storage space	724	1,278
Hiring charges	1,544	2,095
Consultancy fees	167	-
<b>Joint venture</b>		
Recharge of staff costs	66	390
Construction revenue	(6,218)	(3,666)

## 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:

	<b>Group</b>	
	<b>6 months ended 30 June 2021 \$'000</b>	<b>6 months ended 30 June 2021 \$'000</b>
<b>Tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current period	795	1,056
Changes in estimate related to prior periods	12	481
	807	1,537
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	(116)
<b>Land appreciation tax</b>		
Current period	1,338	700
<b>Total tax expense</b>	2,145	2,121

## 8 Dividends

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

	<b>Group and Company</b>	
	<b>30 June 2022 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>Paid by the Company to owners of the Company</b>		
0.25 cent (2021: 0.25 cent share) per qualifying ordinary share	1,104	1,104

**9 Net Asset Value**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	32.16	43.32	20.73	20.68

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 441,419,549 shares as at 30 June 2022 (31 December 2021: 441,419,549).

## 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
<b>Group</b>							
<b>30 June 2022</b>							
<b>Financial assets measured at fair value</b>							
Quoted equity investments – at FVOCI	20	-	20	20	-	-	20
Unquoted equity investments – at FVOCI	557	-	557	-	-	557	557
	577	-	577				
<b>Financial assets not measured at fair value</b>							
Trade and other receivables*	-	58,576	58,576				
Amount due from related parties	-	12,784	12,784				
Cash and cash equivalents	-	68,117	68,117				
	-	139,477	139,477				
<b>Financial liabilities not measured at fair value</b>							
Amounts due to related parties	-	(12,238)	(12,238)				
Trade and other payables**	-	(104,353)	(104,353)				
Loans and borrowings	-	(88,409)	(88,409)	-	(83,999)	-	(83,999)
	-	(205,000)	(205,000)				

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

\*\* Excluded GST payables, deferred income and provisions

	Carrying amount			Fair value			
	FVOCI - equity instruments \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>							
<b>31 December 2021</b>							
<b>Financial assets measured at fair value</b>							
Quoted equity investments – at FVOCI	18	-	18	18	-	-	18
Unquoted equity investments – at FVOCI	557	-	557	-	-	557	557
	575	-	575				
<b>Financial assets not measured at fair value</b>							
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				
	-	127,875	127,875				
<b>Financial liabilities not measured at fair value</b>							
Amounts 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)
	-	(189,848)	(189,848)				

\* Excluded tax prepayments, value-added tax receivables, deposits and prepayments, advances to suppliers and government grant receivables

\*\* Excluded GST payables, deferred income and provisions

<b>Company</b>	<b>Carrying amount</b>	
	<b>Amortised cost \$'000</b>	<b>Total \$'000</b>
<b>30 June 2022</b>		
<b>Financial assets not measured at fair value</b>		
Trade and other receivables	1,077	1,077
Amount due from related parties	99,974	99,974
Cash and cash equivalents	151	151
	101,202	101,202
<b>Financial liabilities not measured at fair value</b>		
Amounts due to related parties	(175)	(175)
Trade and other payables	(63,506)	(63,506)
	(63,681)	(63,681)
<b>31 December 2021</b>		
<b>Financial assets not measured at fair value</b>		
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
<b>Financial liabilities not measured at fair value</b>		
Amounts due to related parties	(254)	(254)
Trade and other payables	(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.

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<b><i>Financial instruments measured at fair value – Group</i></b>			
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.

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
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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 1H2022 and 2021.

**(iii) Level 3 fair value**

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

	<b>Group Unquoted equity investments – at FVOCI \$'000</b>
At 1 January 2021	743
Dividend received	(186)
At 31 December 2021 and 30 June 2022	<u>557</u>

***Sensitivity analysis***

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 1H2022 and 2021 are insignificant.

**11 Property, plant and equipment**

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$3,248,000 (31 December 2021: S\$7,998,000) and disposed of assets amounting to S\$124,000 (31 December 2021: S\$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.

	<b>Group</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets	54,954	57,599
Contract liabilities	(101,247)	(74,801)
	53,707	(17,202)

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

	<b>Group</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Properties under development, for which revenue is to be recognised at a point in time		
Land and land related costs	78,711	81,795
Development costs	61,904	58,272
	140,615	140,067
Allowance for diminution in value	(24,333)	(24,964)
Properties under development	116,282	115,103
(b) Completed development properties, at cost	54,576	67,817
Allowance for diminution in value	(8,833)	(9,478)
Completed development properties	45,743	58,339
Total development properties	162,025	173,442

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	<b>Group</b>
	<b>30 June 2022</b>
	<b>\$'000</b>
At 1 January	34,442
Utilisation during the period	(513)
Translation differences on consolidation	(763)
At 30 June	33,166

The Group's properties under development and completed development properties are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development and the costs to be incurred in selling the properties based on prevailing market conditions. If there is a decrease in net sales value, the net realisable value will decrease. Changes in the estimates of the costs to completion and the estimated selling price would also have an effect on the determination of diminution in value for each project. Such allowance requires the use of judgement and estimates.

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

Management has assessed that the estimated costs to completion and estimated selling price remains substantially unchanged from those as at 31 December 2021 and no revision to the allowance for diminution in value as required as at 30 June 2022.

During the 1H2022, completed development properties of \$12,413,000 (1H2021: \$16,071,000) 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.

	<b>Provision for penalties \$'000</b>	<b>Provision for onerous contracts \$'000</b>	<b>Total \$'000</b>
<b>Group</b>			
At 1 January 2022	5,334	41,396	46,730
Utilisation during the year	(2,108)	(13,800)	(15,908)
Provision made during the period	715	17,470	18,185
At 30 June 2022	3,941	45,066	49,007

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

Provision for penalties made in relation to the late completion of one of the PRC developments.

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. Following the review, due to change in expected total contract cost of a project exceeded its total contract sums, an additional provision was made for the period.

## 15 Loans and borrowings

	<b>Group</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable within one year or on demand</b>		
Secured bank loans	61,641	54,879
Lease liabilities	1,182	1,121
	62,823	56,000
<b>Amount repayable after one year</b>		
Secured bank loans	26,768	31,130
Lease liabilities	3,761	3,783
	30,529	34,913
Total loans and borrowings	93,352	90,913

The secured bank loans are secured on the following assets:

	<b>Group</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amounts of assets:</b>		
Leasehold land	9,496	9,757
Freehold land	13,966	14,025
Leasehold properties	44,202	45,505
Investment properties	3,526	3,574
Plant and machinery	1,273	621
Fixed deposits	586	575
Total	73,049	74,057

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

Included in secured bank loans was loan amounting to S\$13,000,000 as at 30 June 2022 and 31 December 2021 that is secured by the followings:

- a) the Group's shares in Tiong Seng Chang De Investment Pte Ltd; and
- b) subordination and assignment of all the Group's portion of existing and future shareholders' loans and inter-company loans relating to the Group development properties projects in People's Republic of China ("PRC").

## 16 Share capital

	30 June 2022		31 December 2021	
	No of shares	\$'000	No of shares	\$'000
<b>Issued and fully paid ordinary shares, excluding treasury shares</b>				
As at 1 January 2022/2021	441,419,549	177,074	441,419,549	177,074
Treasury shares purchased	-	-	-	-
As at 30 June 2022/31 December 2021	441,419,549	177,074	441,419,549	177,074

The Company held 18,204,300 treasury shares (18,204,300 treasury share as at 30 June 2021) which represent 4.12% (4.12% as at 30 June 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 Significant commitments

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

	Group	
	30 June 2022	31 December 2021
	\$'000	\$'000
Development costs contracted but not provided for:		
- subsidiaries	11,900	13,591
- joint ventures	17,615	22,346
	29,515	35,937

## 18 Financial guarantee

	31 December	
	30 June 2022	2021
	\$'000	\$'000
Significant issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for its subsidiaries	647,268	652,168

## OTHER INFORMATION

### 1. Audit or Review

The condensed consolidated statement of financial position of Tiong Seng Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Auditors' Report

Not Applicable.

### 3. Review of Group Performance for 1H2022 vs 1H2021

#### 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 30 June 2022					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	118,080	16,131	16,821	-	(2,356)*	148,676
Costs	(131,497)	(26,936)	(12,413)	-	2,356*	(168,490)
Gross Profit	(13,417)	(10,805)	4,408	-	-	(19,814)
Other income	1,568	898	10	114	(90)	2,500
Depreciation	(2,965)	(179)	(4)	(26)	-	(3,174)
Selling expenses	-	-	(352)	-	-	(352)
Staff costs	(6,209)	(2,260)	(572)	(602)	-	(9,643)
Other operating expenses	(2,580)	(5,780)	(1,544)	(645)	90	(10,459)
<b>(Loss)/Profit from operating activities</b>	<b>(23,603)</b>	<b>(18,126)</b>	<b>1,946</b>	<b>(1,159)</b>	<b>-</b>	<b>(40,942)</b>

	<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 30 June 2021					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	110,312	54,166	22,333	-	(8,079)	178,732
Costs	(103,416)	(51,069)	(16,071)	-	9,540	(161,016)
Gross Profit	6,896	3,097	6,262	-	1,461	17,716
Other income	3,030	1,533	27	450	(1,593)	3,447
Depreciation	(3,478)	(206)	(7)	(64)	-	(3,755)
Selling expenses	-	(1)	(836)	-	-	(837)
Staff costs	(5,394)	(2,385)	(447)	(374)	-	(8,600)
Other operating expenses	(1,737)	(794)	(711)	(844)	132	(3,954)
<b>(Loss)/Profit from operating activities</b>	<b>(683)</b>	<b>1,244</b>	<b>4,288</b>	<b>(832)</b>	<b>-</b>	<b>4,017</b>

\* Included in the current period elimination was an adjustment of inter-company transaction amounting to S\$5,903,000 which was inadvertently eliminated in prior years.

As a whole, the Group reported a loss from operating activities of S\$40.9 million for 1H2022 as compared to a profit of S\$4.0 million for 1H2021. Labour shortage was not ease off until June 2022, by which construction activities start to pick up. Meantime, Ukraine war and supply chain disruption continue to add cost to the Group's pre-Covid projects. As a result, additional onerous contract of S\$17.5 million were provided for pre-Covid projects. These have negatively impact the construction and engineering solutions segments.

As announced on 8th and 13th of August 2022, the Company had applied for and had been granted an extension of time to release its 1H2022 results announcement to resolve certain outstanding accounting and financial reporting matters in relation to its wholly-owned operating subsidiary Robin Village Development Pte. Ltd. ("RVD") (which supplies precast components and ancillary services in construction industry). Following discussion, review and clarification together with the Company's external auditors, the Company noted that there had been an over-recognition of approximately S\$8.0 million in the revenue of RVD for the financial years ended 31 December 2020 and 2021. The reversal of the over-recognised revenue of S\$8.0 million at engineering solutions segment has resulted in an unusually high gross loss recorded for the engineering solutions segment, on top of the impact from labour shortage and supply chain disruption resulting from the Covid-19 pandemic and the Ukraine war.

Property development segment also registered a lower operating profit as a result of overall decrease in revenue recognition in People's Republic of China ("PRC") projects.

#### ***Group Revenue and revenue from engineering solutions segments***

Revenue decreased by approximately S\$30.0 million or 16.8% yoy from approximately S\$178.7 million in 1H2021 to approximately S\$148.7 million in 1H2022, mainly due to decrease in mass engineered timber and prefabricated prefinished volumetric construction ("PPVC") work in engineering segment as well as the effect of over recognition of RVD revenue in prior years.

#### ***Revenue from sales of development properties***

Revenue from sales of development properties in 1H2022 amounted to S\$16.8 million contributed mainly from the sale recognition of 8 units (2,637 sqm) from Tranquility Project and 8 units (1,915 sqm) from Equinox Project. In 1H2021, revenue amounted to S\$22.3 million was contributed mainly from the sale recognition of 6 units (2,039 sqm) from Tranquility Project and 23 units (4,369 sqm) from Equinox Project.

As at 30 June 2022, approximately S\$25.9 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	384	36	145	Note 1	14,130
	Area ('000 sqm)	172	109	76	7	25	63	

	Units	636	636	631	3	2	-	
Tranquility	Area (^000 sqm)	100	100	98	1	1	-	19,598

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

^ Average selling price

### **Gross loss in construction segment**

Gross loss margin of approximately 11.4% in 1H2022 as compared to gross profit margin of 6.3% in 1H2021 mainly due to differences in projects' profile and relative weighted average profitability in the projects recognized over the two periods together with labor shortage and supply chain disruption continue to add cost to the Group's pre-Covid projects which leads to additional provision of S\$17.5 million onerous contract for these projects.

### **Gross loss in engineering solutions segment**

Gross loss margin of approximately 67.0% for 1H2022 as compared to gross profit margin of 5.7% in 1H2021 mainly due to lower production volume to cover the segment production overhead, differences in profitability from various projects over the two periods, as well as the effect of over recognition of RVD revenue in prior years.

### **Other Income**

Other income decreased by S\$0.9 million from S\$3.4 million in 1H2021 to S\$2.5 million in 1H2022 mainly due to tapering of government support and lower property management fee in PRC property development project.

### **Depreciation and amortisation**

Depreciation and amortisation decreased by S\$0.6 million from S\$3.8 million in 1H2021 to S\$3.2 million in 1H2022 mainly due to expiry of the lease term of storage place early 2022 which amortisation ceased therefrom.

### **Selling expenses**

Selling expenses decreased by approximately S\$0.4 million from S\$0.8 million in 1H2021 to S\$0.4 million in 1H2022 mainly due to decrease in sales commission for the sale of development properties following lower revenue recognition.

### **Staff costs**

Staff costs increased by approximately S\$1.0 million from S\$8.6 million in 1H2021 to S\$9.6 million in 1H2022 mainly due to bonus payment and effect of 2021 mid year increment.

### **Other expenses**

Other expenses increased by S\$6.5 million from S\$4.0 million in 1H2021 to S\$10.5 million in 1H2022 mainly due to provision of impairment on contract assets of S\$5.0 million as well as higher repair and maintenance and operating lease expenses.

### **Net finance costs**

Net finance costs increased by approximately S\$1.0 million from S\$1.0 million in 1H2021 to S\$2.0 million in 1H2022 mainly due to higher borrowing cost following the increase in interest rate and exchange loss recorded in 1H2022 in contrast to exchange gain in 1H2021.

### **Share of profit of joint ventures, net of tax**

The Group registered a higher share of profit from joint ventures by approximately S\$0.1 million from S\$0.4 million in 1H2021 to S\$0.5 million in 1H2022 due mainly to higher net contribution from certain joint ventures project.

### **Loss for the period**

1H2022 reported a loss after tax of S\$44.5 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Group Financial Position**

### **Non-Current Assets**

As at 30 June 2022, non-current assets stood at S\$163.9 million or approximately 32.0% of total assets, a decrease of approximately S\$3.1 million as compared to 31 December 2021.

Decrease in property, plant and equipment by \$3.3 million to \$91.2 million as at 30 June 2022 was mainly due to depreciation partially offset by acquisition made during the year.

### **Current Assets**

As at 30 June 2022, current assets stood at S\$347.9 million or approximately 68.0% of total assets, an decrease of approximately S\$5.0 million as compared to 31 December 2021.

Inventories decreased by S\$1.2 million to S\$4.3 million as at 30 June 2022 mainly due to delivery of precast tunnel and installation of mass engineered timber held as inventories as at 31 December 2021.

Decrease in development properties by S\$11.4 million to S\$162.0 million as at 30 June 2022 was due mainly to revenue recognition partially offset by development cost incurred for the same period.

Amount due from related parties decreased by S\$1.5 million to S\$8.2 million as at 30 June 2022 mainly due to the repayment of trade receivables from an affiliated company and a joint venture partner.

Increase in cash and cash equivalents by S\$11.6 million to S\$68.1 million as at 30 June 2022 mainly due to positive operating cash flow generated and increased in borrowing partially offset by capital expenditure.

### **Non-Current Liabilities**

As at 30 June 2022, non-current liabilities amounted to S\$41.6 million or approximately 11.3% of total liabilities, a decrease of approximately S\$4.0 million as compared to 31 December 2021.

Loan and borrowings decreased by approximately S\$4.4 million to S\$30.5 million as at 30 June 2022 mainly due to reclassification of borrowings due within 12 months to current liabilities.

### **Current liabilities**

As at 30 June 2022, current liabilities stood at S\$326.0 million or approximately 88.7% of total liabilities, an increase of S\$45.9 million as compared to 31 December 2021.

Contract liabilities increased by S\$26.4 million to S\$101.2 million as at 30 June 2022 mainly due to increase in the excess of progress billing over construction revenue recognized arising from timing difference between actual billing and revenue recognition over the period under review.

Increase in trade and other payables by S\$13.6 million to S\$143.2 million as at 30 June 2022 mainly due to increase in trade and accrued payables of S\$12.1 and net provision for onerous contract of S\$3.7 million.

Loan and borrowings increased by S\$6.8 million to S\$62.8 million as at 30 June 2022 was due to addition drawdown to finance construction projects.

## **Review of Statement of Cash Flows**

### **Net cash from operating activities**

For the 6 months ended 30 June 2022, the Group recorded a net cash inflow from operating activities of approximately S\$15.6 million, as compared to S\$5.4 million in the previous corresponding period. Higher net cash inflow from operating activities in 1H2022 was mainly due to differences in timing of collection and payment of construction billing and costs.

### **Net cash from investing activities**

For the 6 months ended 30 June 2022, the Group recorded a net cash outflow from investing activities of approximately S\$2.9 million as compared to S\$3.2 million in previous corresponding period. Cash outflow from investing activities in 1H2022 was mainly due to investment in construction facilities and mould for the construction and engineering projects. Cash out flow in 1H2021 include S\$2.5 million purchase of construction facilities and mould for the construction and engineering projects as well as S\$1.5 million loan to joint venture for property development project in Singapore.

## **Net cash from financing activities**

For the 6 months ended 30 June 2022, the Group recorded a net cash inflow from financing activities of S\$0.3 million as compared to S\$9.7 million in previous corresponding period. Net cash inflows in both periods are mainly due to increased in borrowing to finance its operations.

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

The Group's 1H2022 results are in line with the Company's profit guidance released on 9 September 2022.

### **5. 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**

The GDP growth forecast of 2022 had been narrowed down to 3.0 to 4.0 per cent by the Ministry of Trade and Industry in August 2022 from a previous forecast of 3.0 to 5.0 per cent. Growth in the construction sector for 2Q 2022 at 3.3% had lagged behind the manufacturing sector at 5.7% and the average of services producing industries at 4.8%.<sup>1</sup>

Supply chain issues exacerbated by the Russia-Ukraine geopolitical situation had continued to disrupt material supplies and their costs. Singapore reached its 13-year high for core inflation<sup>2</sup>, and many countries around the world have encountered inflationary pressures. Cost of materials, especially for contracts locked pre-COVID, have risen to a point where onerous contract provisions were necessary for the Group.

Frequent delays due to workplace safety halts in the sector were also prominent as workers acclimatize back to the pace of work and skill levels required.<sup>3</sup> Workplace fatalities for the first half of 2022 had reached the number for the whole of 2021 and this had prompted a mandatory safety timeout which would further delay construction activity.

The foreign labour market opened for the first half of 2022 with ease of requirement for workers. The number of foreign workers had risen, contributing to the progress of projects.<sup>4</sup>

The Group's order book as at 30 June 2022 stood at approximately S\$1.3 billion which is expected to extend till year 2024.

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<sup>1</sup> [https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-Second-Quarter-2022/PR\\_2Q22.pdf](https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-Second-Quarter-2022/PR_2Q22.pdf)

<sup>2</sup> <https://www.reuters.com/markets/asia/singapore-june-core-inflation-rises-44-topping-forecasts-2022-07-25/>

<sup>3</sup> <https://www.straitstimes.com/singapore/stricter-workplace-safety-requirements-necessary-construction-firms>

<sup>4</sup> <https://www.channelnewsasia.com/singapore/labour-market-advance-report-q2-2022-mom-2844026>

## **Property Development Outlook**

### *Singapore*

New private home prices rose 3.5% quarter on quarter for Q2 2022<sup>5</sup>, while the Urban Redevelopment Authority overall private home price index was expected to remain positive for the rest of 2022 as per property consultants. Launches and take-up of private housing units remain below 2021's levels while unsold units bottomed in 1Q 2022 within a 5-year timeframe. These underline the reduced rate of new projects and lower inventory levels which would contribute to rising home prices due to undersupply.

On the demand end in the first half of 2022, new ABSD rules increasing duties on investment properties, foreigner purchases, and living trusts were implemented to cool the market. Interest rates were also on the rise due to inflation pressures resulting in global rate hikes and reactive monetary policies.<sup>6</sup> With additional buyer's stamp duties and higher mortgage interest rates, buyers would exercise further caution in their property investments and purchases.

### *China*

Home prices in China were expected to drop 1.4% in 1H 2022 and remain flat on a plateau for the remainder of 2022.<sup>7</sup> The challenges of the sector were due to the financial crisis of property developers, a lack of confidence in the industry from the buyers and the general weakness of the economy caused by strict COVID-19 lockdowns.<sup>8</sup>

Policies targeted at revitalising the industry have been implemented by China. These include, reducing mortgage board rates, reducing down payments, increasing subsidies, and loosening financing requirements for property developers. China is also employing economic stimulus in public infrastructure projects in a bid to boost the economy over the shrinking private sector contribution.<sup>9</sup>

As at 30 June 2022, approximately S\$25.9 million of gross development value comprises 36 units (7,376 sqm) of the Equinox and 3 units (959 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to the Group's revenue recognition policy.

As at 30 June 2022, approximately 74.3% of the total 565 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for two of its phases, E3 and G1, with expected completion and handover in mid-2023.

For Tranquility Residences project in Suzhou New District Development zone, approximately 99.7% of the total 636 completed units were sold.

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<sup>5</sup> <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr22-30>

<sup>6</sup> <https://www.mas.gov.sg/news/monetary-policy-statements/2022/mas-monetary-policy-statement-14jul22>

<sup>7</sup> <https://www.reuters.com/markets/rates-bonds/chinas-property-market-woes-expected-worsen-2022-2022-05-24/>

<sup>8</sup> <https://www.scmp.com/business/article/3188925/china-home-prices-fall-11th-straight-month-suspended-construction-mortgage>

<sup>9</sup> <https://www.bloomberg.com/news/articles/2022-08-24/china-plans-more-measures-to-stabilize-economy-as-recovery-slows>

**6. Dividend**

**(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?

No.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

**7. If no dividend has been declared/recommended, a statement to that effect.**

No dividend had been declared by the Board of the Company in respect of 1H2022. The Company has been declaring dividend annually in full year results announcement since 2010.

**8. 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 30 June 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 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)
		1H2022	1H2022
		S\$'000	S\$'000
<b><u>Hiring charges</u></b>			
Peck Tiong Choon Transport (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	1,535
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	9
Total		-	1,544
<b><u>Lease of Storage Space</u></b>			
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	724	-
Total		724	-
Total Transactions with associates of a Controlling Shareholder		724	1,544
<b><u>Consultancy fees</u></b>			
G&T Multitask (Private Limited) <sup>#</sup>	Associate of Director, Pek Zhi Kai	167	-
Total		167	-
Total Transactions with Associates of a Director		167	-

<sup>#</sup> The Company appointed Mr Pek Lian Guan, 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 Lian Guan'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 Lian Guan 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 Lian Guan 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 Lian Guan to provide consultancy services to the Group. Mr Pay Sim Tee (who is a cousin of Mr Pek Lian Guan) and Mr Pek Zhi Kai (who is the son of Mr Pek Lian Guan) abstained from voting in the process of making this decision.

Mr Pek Lian Guan 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 Lian Guan and the mother of Executive Director Mr Pek Zhi Kai). Accordingly, the consultancy agreement constitutes an interested person transaction.

**9. 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 the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Pay Sim Tee  
Executive Director and CEO  
13 September 2022



# **TIONG SENG HOLDINGS LIMITED**

*(Incorporated in the Republic of Singapore )*

*(Co. Reg. No: 200807295Z)*

## **CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF SGX-ST**

On behalf of the Board of Directors of TIONG SENG HOLDINGS LIMITED (the “Company”), we, the undersigned, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half-year financial statements for the financial period ended 30 June 2022 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of  
**TIONG SENG HOLDINGS LIMITED**

Pay Sim Tee  
Executive Director & CEO

Pek Zhi Kai  
Executive Director

13 September 2022