

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

**Condensed Interim Financial Statements
For the six months ended 30 June 2021**

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Condensed interim consolidated statement of comprehensive income

	Note	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	Change %
Revenue				
Revenue from construction contracts and engineering solutions	4	156,399	88,574	77%
Revenue from sales of development properties	4	22,333	13,694	63%
Rental income	4	2	26	-92%
		178,734	102,294	75%
Other income		3,445	9,508	-64%
Costs of construction contracts and engineering solutions				
Costs of construction contracts and engineering solutions		(144,945)	(89,807)	61%
Costs of sales of development properties		(16,071)	(9,262)	74%
Depreciation and amortisation		(3,755)	(3,587)	5%
Selling expenses		(837)	(562)	49%
Staff costs		(8,601)	(9,136)	-6%
Other expenses		(3,953)	(4,030)	-2%
		(178,162)	(116,384)	53%
Profit/(Loss) from operating activities		4,017	(4,582)	N.M.
Finance income		509	301	69%
Finance costs		(1,528)	(2,312)	-34%
Net finance costs		(1,019)	(2,011)	-49%
Share of profit/(loss) of joint ventures, net of tax		393	(611)	N.M.
Profit/(Loss) before tax	5	3,391	(7,204)	N.M.
Tax expense	7	(2,121)	(2,071)	2%
Profit/(Loss) for the period		1,270	(9,275)	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 2021 \$'000	6 months ended 30 June 2020 \$'000	Change %
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign subsidiaries		2,246	2,320	-3%
Exchange differences on monetary items forming part of net investment in a foreign operation		1,275	1,261	1%
Realisation of translation difference from disposal of subsidiaries		-	95	-100%
Other comprehensive income for the period, net of tax		<u>3,521</u>	<u>3,676</u>	-4%
Total comprehensive income for the period		<u>4,791</u>	<u>(5,599)</u>	N.M.
Profit/(Loss) attributable to:				
Owners of the Company		1,376	(9,186)	N.M.
Non-controlling interests		(106)	(89)	19%
Profit/(Loss) for the period		<u>1,270</u>	<u>(9,275)</u>	N.M.
Total comprehensive income attributable to:				
Owners of the Company		4,490	(5,994)	N.M.
Non-controlling interests		301	395	-24%
Total comprehensive income for the period		<u>4,791</u>	<u>(5,599)</u>	N.M.
Earnings per share				
- Basic and diluted (cents) ¹		<u>0.31</u>	<u>(2.07)</u>	N.M.

¹The earnings per share net of non-controlling interests has been calculated based on 441,419,549 (2020: 443,564,427) 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 2021	31 December 2020	30 June 2021	31 December 2020
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11	96,040	100,716	-	-
Intangible assets		224	238	-	-
Investment properties		3,801	3,779	-	-
Right-of-use assets		4,011	4,545	-	-
Subsidiaries		-	-	59,624	59,624
Associates and joint ventures		41,416	39,154	-	-
Trade and other receivables		9,434	5,829	-	-
Amount due from related parties		4,424	4,303	-	-
Other investments		1,149	1,145	-	-
Deferred tax assets		2,271	2,250	-	-
		<u>162,770</u>	<u>161,959</u>	<u>59,624</u>	<u>59,624</u>
Current assets					
Inventories		6,330	12,599	-	-
Contract costs		780	903	-	-
Contract assets	12	78,074	63,231	-	-
Development properties	13	191,419	199,484	-	-
Trade and other receivables		61,243	51,850	441	363
Amounts due from related parties		13,162	13,697	104,286	104,436
Cash and cash equivalents		55,536	43,435	116	101
		<u>406,544</u>	<u>385,199</u>	<u>104,843</u>	<u>104,900</u>
Total assets		<u>569,314</u>	<u>547,158</u>	<u>164,467</u>	<u>164,524</u>
Equity attributable to owners of the Company					
Share capital		181,947	181,947	181,947	181,947
Treasury shares		(4,873)	(4,873)	(4,873)	(4,873)
Reserves		(81,058)	(84,172)	(45,850)	(45,850)
Retained earnings/(Accumulated losses)		143,541	143,269	(29,523)	(27,887)
		<u>239,557</u>	<u>236,171</u>	<u>101,701</u>	<u>103,337</u>
Non-controlling interests		5,137	4,836	-	-
Total equity		<u>244,694</u>	<u>241,007</u>	<u>101,701</u>	<u>103,337</u>
Non-current liabilities					
Trade and other payables		6,700	5,579	-	-
Loans and borrowings	15	26,473	28,899	-	-
Deferred tax liabilities		848	929	-	-
		<u>34,021</u>	<u>35,407</u>	<u>-</u>	<u>-</u>
Current liabilities					
Contract liabilities	12	51,634	65,917	-	-
Trade and other payables	14	158,828	140,369	243	219
Amounts due to related parties		15,671	18,243	62,523	60,968
Loans and borrowings	15	56,690	39,505	-	-
Current tax payable		7,776	6,710	-	-
		<u>290,599</u>	<u>270,744</u>	<u>62,766</u>	<u>61,187</u>
Total liabilities		<u>324,620</u>	<u>306,151</u>	<u>62,766</u>	<u>61,187</u>
Total equity and liabilities		<u>569,314</u>	<u>547,158</u>	<u>164,467</u>	<u>164,524</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							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 translation 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 period												
Profit/(loss) for the period		-	-	-	-	-	-	-	1,376	1,376	(106)	1,270
Other comprehensive income												
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
Total comprehensive income for the period		-	-	-	-	-	-	3,114	1,376	4,490	301	4,791
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Dividends paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
Total transactions with owners of the Company									(1,104)	(1,104)	-	(1,104)
At 30 June 2021		181,947	(4,873)	(77,720)	(9,345)	1,909	209	3,889	143,541	239,557	5,137	244,694

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

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
At 1 January 2020		181,947	(4,452)	(77,720)	(7,279)	1,495	209	(6,553)	177,885	265,532	18,955	284,487
Total comprehensive income for the period												
Loss for the period		-	-	-	-	-	-	-	(9,186)	(9,186)	(89)	(9,275)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	1,836	-	1,836	484	2,320
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	1,261	-	1,261	-	1,261
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		-	-	-	-	-	-	95	-	95	-	95
Total other comprehensive income		-	-	-	-	-	-	3,192	-	3,192	484	3,676
Total comprehensive income for the period		-	-	-	-	-	-	3,192	(9,186)	(5,994)	395	(5,599)
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Purchase of treasury shares		-	(269)	-	-	-	-	-	-	(269)	-	(269)
Dividends paid	8	-	-	-	-	-	-	-	(2,213)	(2,213)	(315)	(2,528)
Total transactions with owners of the Company		-	(269)	-	-	-	-	-	(2,213)	(2,482)	(315)	(2,797)
At 30 June 2020		181,947	(4,721)	(77,720)	(7,279)	1,495	209	(3,361)	166,486	257,056	19,035	276,091

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

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 2021		181,947	(4,873)	(45,850)	(27,887)	103,337
Total comprehensive income for the period						
Loss for the period		-	-	-	(532)	(532)
Transactions with owner, recognized directly in equity						
Dividends paid	8	-	-	-	(1,104)	(1,104)
At 30 June 2021		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(29,523)</u>	<u>101,701</u>
At 1 January 2020		181,947	(4,452)	(45,850)	(27,755)	103,890
Total comprehensive income for the period						
Profit for the period		-	-	-	271	271
Transactions with owner, recognized directly in equity						
Purchase of treasury shares		-	(269)	-	-	(269)
Dividends paid	8	-	-	-	(2,213)	(2,213)
At 30 June 2020		<u>181,947</u>	<u>(4,721)</u>	<u>(45,850)</u>	<u>(29,697)</u>	<u>101,679</u>

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

Condensed interim consolidated statement of cash flows

	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Cash flows from operating activities		
Profit/(Loss) from operating activities	4,017	(4,582)
Adjustments for:		
Provisions	1,837	-
Depreciation and amortisation	7,675	7,875
Gain on disposal of:		
- property, plant and equipment	-	(1,583)
	13,529	1,710
Changes in:		
Inventories	6,266	(2,330)
Contract costs	123	(372)
Contract assets/liabilities	(29,126)	67,835
Development properties	12,852	4,757
Trade and other receivables	(12,258)	23,005
Trade and other payables	15,885	(70,315)
Balances with related parties	(2)	5,871
Cash generated from operations	7,269	30,161
Tax paid	(1,580)	(896)
Net cash generated from operating activities	5,689	29,265
Cash flows from investing activities		
Loan to a joint venture	(1,453)	(673)
Loan repayment from joint ventures	590	-
Interest (paid)/ received	(129)	134
Proceeds from disposal of:		
- property, plant and equipment	36	1,809
Purchase of:		
- property, plant and equipment^	(2,533)	(4,136)
Net cash used in investing activities	(3,489)	(2,866)

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

	Note	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Cash flows from financing activities			
Decrease/(Increase) in restricted cash		11	(4)
Dividends paid to:			
- owners of the Company		(1,104)	-
- non-controlling interest		-	(315)
Interest paid		(720)	(1,279)
Purchase of treasury shares		-	(269)
Payments of lease liabilities		(754)	(877)
Proceeds from loans and borrowings		24,808	22,795
Repayment of loans and borrowings		(9,499)	(41,141)
Balances with related parties (non-trade)		(3,089)	(819)
Net cash generated/(used) in financing activities		9,653	(21,909)
Net increase in cash and cash equivalents		11,853	4,490
Cash and cash equivalents at beginning of the period		42,699	54,725
Effect of exchange rate changes on balances held in foreign currencies		245	(40)
Cash and cash equivalents at end of the period		54,797	59,175

Significant non-cash transactions

[^] The acquisition of 2 plots of land in Johor Bahru, Malaysia amounted to S\$9.7 million was partially funded by bank loan of S\$6.9 million in 1H2020.

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 2021 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 2021 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 2020.

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

A number of amendments to Standards have become applicable for the current reporting period.

The Group has applied the following SFRS(I)s, amendments to and interpretation of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current and Non-Current* (Amendments to SFRS(I) 1-1)
- *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I)10 and SFRS(I) 1-28)

The adoption of the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

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 2020.

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 2020 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 11 – Measurement of recoverable amounts of property, plant and equipment
- Note 13 – Measurement of realisable amounts of development properties
- Note 14 – Measurement of provisions

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 2021 to 30 June 2021							
External revenues	110,312	46,087	22,333	178,732	2	-	178,734
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)
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	199,179	96,737	257,601	553,517	15,797	-	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

4.1 Information about reportable segments

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
1 January 2020 to 30 June 2020							
External revenues	70,412	18,162	13,694	102,268	26	-	102,294
Inter-segment revenue	-	3,535	-	3,535	-	(3,535)	-
Interest income	620	26	43	689	214	(743)	160
Interest expenses	(837)	(439)	(178)	(1,454)	(563)	743	(1,274)
Depreciation and amortisation	(5,436)	(2,398)	(25)	(7,859)	(16)	-	(7,875)
Reportable segment (loss)/profit before tax	(6,046)	(436)	1,130	(5,352)	(1,241)	-	(6,593)
Share of loss of joint ventures, net of tax							(611)
Loss before tax							(7,204)
Tax expense							(2,071)
Loss for the period							(9,275)
Reportable segment assets	187,267	90,241	250,949	528,457	32,803	-	561,260
Investment in associates and joint ventures	3,268	862	33,865	37,995	-	-	37,995
Total assets	190,535	91,103	284,814	566,452	32,803	-	599,255
Reportable segment liabilities	180,740	56,864	64,636	302,240	20,930	-	323,170
Capital expenditure	170	1,130	10	1,310	2	-	1,312

* *General corporate activities*

4.2 Disaggregation of Revenue

	The Group 6 months ended 30 June 2021						
	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
Types of goods or services:							
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
Rental income	-	-	-	-	2	-	2
Total revenue	110,312	54,166	22,333	186,811	2	(8,079)	178,734
Timing of revenue recognition:							
At a point in time	-	32,488	22,333	54,821	-	(6,276)	48,545
Over time	110,312	21,678	-	131,990	2	(1,803)	130,189
Total revenue	110,312	54,166	22,333	186,811	2	(8,079)	178,734
Geographical information:							
Singapore	110,312	54,166	-	164,478	-	(8,079)	156,399
PRC	-	-	22,333	22,333	-	-	22,333
Malaysia	-	-	-	-	2	-	2
Total Revenue	110,312	54,166	22,333	186,811	2	(8,079)	178,734

4.2 Disaggregation of Revenue

	The Group						Total
	6 months ended 30 June 2020						
	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	70,412	21,697	-	92,109	-	(3,535)	88,574
Revenue from sales of development properties	-	-	13,694	13,694	-	-	13,694
Rental income	-	-	-	-	26	-	26
Total revenue	70,412	21,697	13,694	105,803	26	(3,535)	102,294
Timing of revenue recognition:							
At a point in time	-	15,691	13,694	29,385	-	(1,195)	28,190
Over time	70,412	6,006	-	76,418	26	(2,340)	74,104
Total revenue	70,412	21,697	13,694	105,803	26	(3,535)	102,294
Geographical information:							
Singapore	70,412	21,697	-	92,109	-	(3,535)	88,574
PRC	-	-	13,694	13,694	-	-	13,694
Malaysia	-	-	-	-	26	-	26
Total Revenue	70,412	21,697	13,694	105,803	26	(3,535)	102,294

4.3 Major Customers

During the financial period ended 30 June 2021 and 30 June 2020, revenue from certain customers (named alphabetically A to B) of the Group's construction segment amounted to approximately \$44,953,000 (2020: \$30,911,000). 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 2021		30 June 2020	
	\$'000	%	\$'000	%
Customer A	44,953	26	18,367	18
Customer B	-	-	12,544	12
Total	44,953	26	30,911	30

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 2021 \$'000	6 months ended 30 June 2020 \$'000	
(a) Other incomes include			
Fees from project and property management	(418)	(192)	>100%
Gain on disposal of:			
- property, plant and equipment	-	(10)	-100%
- scrap parts and materials	(276)	(150)	84%
- assets held for sale	-	(1,573)	-100%
Government grants/credit scheme	(1,965)	(6,689)	>-100%
Training and testing fee income	-	(110)	-100%
Consultancy services fees	-	(84)	-100%
Management fees	(464)	(448)	4%
(b) Other expenses include			
Advertisement and Commission expenses	828	464	78%
Entertainment	314	246	28%
Legal and Professional fees	806	550	47%
Short term/low value lease expenses	116	119	-3%
Property management expenses	352	318	11%
Repair and maintenance	657	632	4%
Travelling and transport	147	129	14%

	Group		
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	Change %
(c) Finance income and costs include			
Interest income on:			
- cash and cash equivalents	(129)	(124)	4%
- other investment	-	(27)	-100%
- loan to a joint venture	-	(9)	-100%
Interest expense on:			
- bank loans	641	1,193	-46%
- lease liabilities	79	81	-2%
Exchange gain (net)	(259)	(120)	>100%

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 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Affiliated corporations		
Lease of storage space	1,278	97
Hiring charges	2,095	1,231
Joint venture		
Recharge of staff costs	390	438
Construction revenue	(3,666)	(9,763)

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 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Tax recognised in profit or loss		
Current tax		
Current period	1,056	792
Changes in estimate related to prior periods	481	493
	1,537	1,285
Deferred tax		
Origination and reversal of temporary differences	(116)	(716)
Land appreciation tax		
Current period	700	777
Changes in estimate related to prior periods	-	725
	700	1,502
Total tax expense	2,121	2,071

8 Dividends

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

	Group and Company	
	30 June 2021 \$'000	30 June 2020 \$'000
Paid by the Company to owners of the Company		
0.25 cent (2020: 0.5 cent share) per qualifying ordinary share	1,104	2,213
Paid by a subsidiary to non-controlling interest		
0.02 cent per qualifying ordinary share	-	315

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	
	30 June 2021 \$'000	30 June 2020 \$'000
0.25 cent (2019: 0.5 cent share) per qualifying ordinary share	-	1,104

9 Net Asset Value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	54.27	53.50	23.04	23.41

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 2021 (31 December 2020: 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
Group							
30 June 2021							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	11	-	11	11	-	-	11
Unquoted equity investments – at FVOCI	743	-	743	-	-	743	743
	754	-	754				
Financial assets not measured at fair value							
Trade and other receivables*	-	58,838	58,838				
Amount due from related parties	-	17,586	17,586				
Cash and cash equivalents	-	55,536	55,536				
	-	131,960	131,960				
Financial liabilities not measured at fair value							
Amounts due to related parties	-	15,671	15,671				
Trade and other payables**	-	157,410	157,410				
Loans and borrowings	-	78,306	78,306	-	74,402	-	74,402
	-	251,387	251,387				

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

** Excluded GST payables and deferred income

	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 2020							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	18	–	18	18	–	–	18
Unquoted equity investments – at FVOCI	743	–	743	–	–	743	743
	761	–	761				
Financial assets not measured at fair value							
Trade and other receivables*	–	42,759	42,759				
Amount due from related parties	–	18,000	18,000				
Cash and cash equivalents	–	43,435	43,435				
	–	104,194	104,194				
Financial liabilities not measured at fair value							
Amounts due to related parties	–	(18,243)	(18,243)				
Trade and other payables**	–	(143,395)	(143,395)				
Loans and borrowings	–	(63,000)	(63,000)	–	(60,397)	–	(60,397)
	–	(224,638)	(224,638)				

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

** Excluded GST payables

	Carrying amount	
	Amortised cost \$'000	Total \$'000
Company		
30 June 2021		
Financial assets not measured at fair value		
Trade and other receivables	441	441
Amount due from related parties	104,286	104,283
Cash and cash equivalents	116	116
	104,843	104,843
Financial liabilities not measured at fair value		
Amounts due to related parties	(62,523)	(62,523)
Trade and other payables	(243)	(243)
	(62,766)	(62,766)
31 December 2020		
Financial assets not measured at fair value		
Trade and other receivables	363	363
Amount due from related parties	104,436	104,436
Cash and cash equivalents	101	101
	104,900	104,900
Financial liabilities not measured at fair value		
Amounts due to related parties	(60,968)	(60,968)
Trade and other payables	(219)	(219)
	(61,187)	(61,187)

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
<i>Financial instruments measured at fair value – Group</i>			
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 1H2021 and 2020.

(iii) Level 3 fair value

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

	Group Unquoted equity investments – at FVOCI \$'000
At 1 January 2021 and 30 June 2021	<u>743</u>
At 1 January 2020 and 31 December 2020	<u>743</u>

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 1H2021 and 2020 are insignificant.

11 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$2,533,000 (31 December 2020: \$12,359,000) and disposed of assets amounting to \$36,000 (31 December 2020: \$9,796,000)

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	
	30 June 2021	31 December 2020
	\$'000	\$'000
Contract assets	78,074	63,231
Contract liabilities	(51,634)	(65,917)
	26,440	-2,686

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	
	30 June 2021	31 December 2020
	\$'000	\$'000
(a) Properties under development, for which revenue is to be recognised at a point in time		
Land and land related costs	74,045	72,280
Development costs	53,007	48,353
	127,052	120,633
Allowance for diminution in value	(7,752)	(7,605)
Properties under development	119,300	113,028
(b) Completed development properties, at cost	81,730	96,510
Allowance for diminution in value	(9,611)	(10,054)
Completed development properties	72,119	86,456
Total development properties	191,419	199,484

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group
	30 June 2021
	\$'000
At 1 January	17,659
Utilisation during the period	(734)
Translation differences on consolidation	438
At 30 June	17,363

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 2020 and no revision to the allowance for diminution in value as required as at 30 June 2021.

During the 1H2021, completed development properties of \$16,071,000 (1H2020: \$9,262,000) 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 period	637	1,200	1,837
At 30 June 2021	5,325	16,856	22,181

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

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
Amount repayable within one year or on demand		
Secured bank loans	55,371	37,978
Lease liabilities	1,319	1,527
	56,690	39,505

	Group	
	31 December	
	30 June 2021	2020
	\$'000	\$'000
Amount repayable after one year		
Secured bank loans	22,936	25,022
Lease liabilities	3,537	3,877
	26,473	28,899
Total loans and borrowings	83,163	68,404

The secured bank loans are secured on the following assets:

	Group	
	31 December	
	30 June 2021	2020
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	10,013	10,273
Freehold land	13,759	13,759
Leasehold properties	46,380	47,639
Investment properties	3,788	3,779
Plant and machinery	79	79
Motor vehicles	454	454
Fixed deposits	573	562
Total	75,046	76,545

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

	30 June 2021		31 December 2020	
	No of shares	\$'000	No of shares	\$'000
Issued and fully paid ordinary shares, excluding treasury shares				
As at 1 January 2021/1 January 2020	441,419,549	177,074	444,785,349	177,495
Treasury shares purchased	-	-	(3,365,800)	(421)
As at 30 June 2021/31 December 2020	441,419,549	177,074	441,419,549	177,074

The Company held 18,204,300 treasury shares (17,071,600 treasury share as at 30 June 2020) which represent 4.12% (3.86% as at 30 June 2020) 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 2021	31 December 2020
	\$'000	\$'000
Development costs contracted but not provided for:		
- subsidiaries	18,870	9,774
- joint ventures	34,347	42,660
	53,217	52,434
	53,217	52,434

18 Financial guarantee

	31 December	
	30 June 2021	2020
	\$'000	\$'000
Significant issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for its subsidiaries	760,580	805,055
	760,580	805,055

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 2021 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 1H2021 vs 1H2020

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 2021					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	110,312	54,166	22,333	2	(8,079)	178,734
Costs	(103,416)	(51,069)	(16,071)	-	9,540	(161,016)
Gross Profit	6,896	3,097	6,262	2	1,461	17,718
Other income	3,030	1,533	27	448	(1,593)	3,445
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)
Profit/(Loss) from operating activities	(683)	1,244	4,288	(832)	-	4,017

	<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 2020					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	70,412*	21,697	13,694	26	(3,535)	102,294
Costs	(74,562)	(19,998)	(9,262)	-	4,753	(99,069)
Gross Profit	(4,150)	1,699	4,432	26	1,218	3,225
Other income	8,487*	2,218	4	191	(1,392)	9,508
Depreciation	(3,227)	(260)	(15)	(85)	-	(3,587)
Selling expenses	-	-	(562)	-	-	(562)
Staff costs	(5,431)	(2,610)	(691)	(404)	-	(9,136)
Other operating expenses	(1,929)	(813)	(833)	(629)	174	(4,030)
Profit/(Loss) from operating activities	(6,250)	234	2,335	(901)	-	(4,582)

* Rental income of S\$1,252,000 was reclassified as other income instead of revenue to clearly distinguish that all revenue reported in construction segment is related to construction activities.

As a whole, the Group reported a profit from operating activities of S\$4.0 million for 1H2021 as compared to a loss of S\$4.6 million for 1H2020. The loss in 1H2020 was mainly due to substantial decrease in revenue and gross profit in construction segment as a result of suspension and delay in construction activities due to Covid-19 pandemic, as well as unproductive construction labour cost suffered during the circuit breaker (“CB”) period¹. Construction activities increased in 1H2021 as compared to 1H2020 following the lift of CB in early June 2020. However, resumption of construction activities remain slow with stringent safety measures set and shortage of labour amid tightened Covid-19 border measures.

Group Revenue and Revenue from construction and engineering solutions segments

Revenue increased by approximately S\$76.4 million or 74.7% yoy from approximately S\$102.3 million in 1H2020 to approximately S\$178.7 million in 1H2021, mainly driven by construction work performed in construction and engineering segment following the lifting of the eight-weeks CB in second quarter of 2020 that suspend most of construction works.

Revenue from sales of development properties

Revenue from sales of development properties in 1H2021 amounted to S\$22.3 million contributed mainly from the sale recognition of 6 units (2,039 sqm) from Tranquility Project and 23 units (4,369 sqm) from Equinox Project. In 1H2020, revenue amounted to S\$13.7 million was contributed mainly from the sale recognition of 9 units (2,772 sqm) from Tranquility Project and 2 units (752 sqm) from Equinox Project.

As at 30 June 2021, approximately S\$19.3 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	474	364	25	85	Note 1	13,118
	Area ('000 sqm)	172	95	71	6	18	77	
Tranquility	Units	636	636	620	3	13	-	19,666
	Area ('000 sqm)	100	100	94	1	4	-	

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

[^] Average selling price

¹ During the months of April and May 2020, the Singapore government implemented tighter safe distancing measures during the Circuit Breaker period to decisively curb the rising trend of local Covid-19 transmissions. The objective of the circuit-breaker period was to significantly reduce movements and interactions in public and private places.

Gross profit in construction segment

The Group reported a gross profit of S\$6.9 million in 1H2021 instead of a gross loss of S\$4.2 million in 1H2020 following the resumption of construction activities with the lift of 8-weeks CB in early June 2020 that suspended most construction activities. The resumption of construction activities increases revenue recognition and improves construction margin.

Gross profit in engineering solutions segment

Gross profit margin decreased from 7.8% in 1H2020 to 5.7% in 1H2021 due to differences in profitability from various projects over the two periods.

Gross profit in property development segment

Decrease in gross profit margin from 32.4% in 1H2020 to 28.0% in 1H2021 mainly due to the difference in projects' profile and relative profitability in the units recognised over the two periods.

Other Income

Other income decreased by S\$6.1 million from S\$9.5 million in 1H2020 to S\$3.4 million in 1H2021 mainly due to lower government relief measures related to Covid-19 pandemic and one time gain of S\$1.6 million from disposal of asset held for sale in 1H2020.

Selling expenses

Increase in selling expenses by approximately S\$0.2 million from S\$0.6 million in 1H2020 to S\$0.8 million in 1H2021 mainly due to increase in sales commission for the sale of development properties following higher revenue recognition.

Net finance costs

Net finance costs decreased by approximately S\$1.0 million from S\$2.0 million in 1H2020 to S\$1.0 million in 1H2021 mainly due to lower finance cost arising from advance receipt from sale of property development units following recognition of revenue from units sold and lower bank loan interest with overall lower borrowing level for the 6 months period ended 2021 and 2020 respectively.

Share of profit/(loss) of joint ventures, net of tax

The Group registered a share of profit from joint ventures by approximately S\$0.4 million in 1H2021 as compared to a share of loss of approximately S\$0.6 million in 1H2020. Profit in 1H2021 was contributed from construction projects partially offset by operating cost and interest expenses incurred in property development projects. Loss in 1H2020 was a result of operating cost and interest expenses incurred in property development projects.

Profit for the period

1H2021 reported a profit after tax of S\$1.3 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-Current Assets

As at 30 June 2021, non-current assets stood at S\$162.8 million or approximately 28.6% of total assets, an increase of approximately S\$0.8 million as compared to 31 December 2020.

Increase in non-current trade and other receivables by approximately S\$3.6 million to S\$9.4 million as at 30 June 2021 was mainly due to increase in retention sum receivables following the increase in construction activities.

Current Assets

As at 30 June 2021, current assets stood at S\$406.5 million or approximately 71.4% of total assets, an increase of approximately S\$21.3 million as compared to 31 December 2020.

Inventories decreased by S\$6.3 million to S\$6.3 million as at 30 June 2021 mainly due to delivery of precast tunnel and installation of mass engineered timber held as inventories as at 31 December 2020.

Contract assets increased by S\$14.8 million to S\$78.1 million as at 30 June 2021 in tandem with the increase in revenue recognition following gradual resumption of construction activities from tighter safe distancing measures in 2020.

Decrease in development properties by S\$8.1 million to S\$191.4 million as at 30 June 2021 was due mainly to revenue recognition, partially offset by translation difference as a result of strengthen Renminbi vis-a-vis Singapore Dollar and development cost incurred for the same period.

Increase in trade and other receivables by S\$9.4 million to S\$61.2 million as at 30 June 2021 was due mainly to higher billing to customers with the increase in construction activities following gradual resumption of construction activities from tighter safe distancing measures in 2020.

Increase in cash and cash equivalents by S\$12.1 million to S\$55.5 million as at 30 June 2021 mainly due to positive operating cash flow generated and increased in borrowing partially offset by capital expenditure and increase investment in joint venture.

Non-Current Liabilities

As at 30 June 2020, non-current liabilities amounted to S\$34.0 million or approximately 10.5% of total liabilities, a decrease of approximately S\$1.4 million as compared to 31 December 2020.

Increase in non-current trade and other payables by approximately S\$1.1 million to S\$6.7 million as at 30 June 2021 mainly due to increase in retention sum payables arising from increased construction activities.

Loan and borrowings decreased by approximately S\$2.4 million to S\$26.5 million as at 30 June 2021 mainly due to reclassification of borrowings due within 12 months to current liabilities.

Current liabilities

As at 30 June 2021, current liabilities stood at S\$290.6 million or approximately 89.5% of total liabilities, an increase of S\$19.9 million as compared to 31 December 2020.

Contract liabilities decreased by S\$14.3 million to S\$51.6 million as at 30 June 2021 mainly due to decrease in advance receipt from sale of development properties in PRC following revenue recognition.

Increase in trade and other payables by S\$18.5 million to S\$158.8 million as at 30 June 2021 in tandem with gradual resumption of construction activities from tighter safe distancing measures in 2020.

Amount due to related parties decreased by S\$2.6 million to S\$15.7 million as at 30 June 2021 mainly due to repayment of amount due to a minority interest.

Loan and borrowings increased by S\$17.2 million to 56.7 million as at 30 June 2021 was mainly to finance construction projects.

Increase in tax payable by S\$1.1 million to S\$7.8 million as at 30 June 2021 mainly due to tax provision for property development segment.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2021, the Group recorded a net cash inflow from operating activities of approximately S\$5.7 million, as compared to S\$29.3 million in the previous corresponding period. Net cash inflow from operating activities in 1H2021 was mainly attributable to the increase in operating activities following the resumption of work on sites.

Net cash from investing activities

For the 6 months ended 30 June 2021, the Group recorded a net cash outflow from investing activities of approximately S\$3.5 million, as compared to S\$2.9 million in previous corresponding period. Cash outflow from investing activities in 1H2021 was mainly due to the additional loan to joint venture for property development project in Singapore and investment in construction facilities and mould for the construction and engineering projects. Cash outflow in 1H2020 was mainly due to the purchase of 2 plots of land via acquisition of a subsidiary.

Net cash from financing activities

For the 6 months ended 30 June 2021, the Group recorded a net cash inflow from financing activities of S\$9.7 million, as compared to net cash outflow of S\$21.9 million in previous corresponding period. Net cash inflow in 1H2021 was mainly due to increased in borrowing to finance its operation. Net cash outflow in 1H2020 was mainly due to net payment of loans and borrowings.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

Stemming from a decline in output from both the private and public sector, the construction sector as a whole contracted 23% year-on-year (“yoy”) in the first quarter of 2021, albeit improving slightly from the 27% contraction in the previous quarter². For the private sector, this slump was largely driven by private industrial works (-9.5%) and private commercial building works (-18%). On the other hand, the public sector decline was led by public institutional & other building works (-36%) alongside public civil engineering works (-17%).

While the phased re-opening of various projects and worksites after the CB period inched the sector towards recovery, the sudden surge global surge of new COVID-19 infections since April 2021 prompted the tightening of the Singapore border by the government which curbed the entry of migrant workers into the country, resulting in further project delays and significant labour cost increases thereafter. Apart from rising labour costs, the increase in cost of construction materials has added further pressure on overall construction costs. In all, these disruptions have had wide-reaching effects on the supply chain and will continue to weigh on the industry..

The Group’s order book as at 30 June 2021 stood at approximately S\$1.1 billion which is expected to extend till year 2023.

Property Development Outlook

Singapore

Private home prices in Singapore rose for the fifth straight quarter but at a much slower pace, dampening speculation of another round of property curbs in the near future. The 0.9% price gain against the first quarter of 2021 follows an increase of 3.3% in the first quarter of 2021 and 2.1% in the fourth quarter of last year. Year on year, prices are up 7.3%³. The slower growth in prices of both landed and non-landed homes, coupled with lower transaction volumes as some developers delayed new launches in the face of phase two (heightened alert) restrictions, which limited group sizes to two people, were the main reasons which led to the dampened overall price growth in the second quarter.

The Group’s joint venture project located at Balmoral Road (“Balmoral Project”) and Cairnhill Rise (“Cairnhill Project”) are currently under development. Balmoral Project was launched to

² “Economic Survey of Singapore, First Quarter 2021”, Ministry of Trade and Industry Singapore, 25 May 2021”

³ “Singapore private home prices rise 0.9% in Q2, slowing sharply from recent growth: Flash data”, The Straits Times, 1 July 2021

the public on 11 January 2020 and is targeted to obtain TOP in 1H2022. Meantime, Cairnhill Project started its soft launch in July 2020 and is targeted to be officially launched within 2021.

China

After a years-long campaign to tame property prices, China is upping the ante to break a stubborn cycle of gains that has made homes increasingly unaffordable⁴. These have included raising mortgage rates in a major city, vows to accelerate the development of government subsidised rental housing and increased scrutiny on everything from financing of developers and newly listed home prices to title transfers. As a result of these heightened measures of late, China's new home price growth slowed for the first time since November 2020 in month-on-month terms. Average new home prices in 70 major cities grew 0.5% in June from a month earlier, down from a 0.6% rise in May⁵. Compared with a year earlier, new home prices rose 4.7%, down from a 4.9% uptick in May in the first slowdown since December last year.

As at 30 June 2021, approximately S\$19.3 million of gross development value comprises 25 units (5,719 sqm) of the Equinox and 3 units (960 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 2021, approximately 82.1% of the total 474 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 98.0% of the total 636 completed units were sold.

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.

⁴ "China's Escalating Property Curbs Point to Xi's New Priority", Bloomberg, 28 July 2021

⁵ "China June home price growth slows for first time since Nov", Reuters, 15 July 2021

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 1H2021. 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 2021.

Name of Interested Person	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)
	1H2021	1H2021
	S\$'000	S\$'000
<u>Hiring charges</u>		
Peck Tiong Choon Transport (Pte) Ltd	-	1,883
Peck Tiong Choon Logistic (Pte) Ltd	-	212
Total	-	2,095
<u>Lease of Storage Space</u>		
Peck Tiong Choon Logistic (Pte) Ltd	1,278	-
	1,278	-

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
12 August 2021



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 2021 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

12 August 2021