TIONGSENG GROUP 长成控股

ANNUAL REPORT **2022**

FORTIFYING OUR FUTURE
BY OVERCOMING CHALLENGES AND UNLOCKING VALUE

OUR VISION

The Trusted Choice in the Real Estate and Built Environment

OUR MISSION

Create Stakeholders' Value, Deliver Excellence

CORE VALUES

- Collaboration
- Creative & Innovative
- Dedication
- Excellence
- Integrity
- Valuing People

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CORPORATE PROFILE

Established in 1959 and listed on the Mainboard of the Singapore Exchange since 2010, Tiong Seng is principally engaged in three core pillars of business: Building Construction & Civil Engineering, Engineering Solutions and Property Development.

Tiong Seng is one of the leading building and civil engineering contractors in Singapore, and holds the highest grading of A1 from the Building and Construction Authority (BCA) for both general building and civil engineering, qualifying the Group to undertake public sector projects with unlimited contract value. For over 60 years, Tiong Seng has built up a comprehensive track record of private and public sector projects of different complexity, uses and sizes.

As a technological frontrunner, Tiong Seng has developed a diverse portfolio of cutting-edge innovations which encompasses Engineering Solutions, the Group's second business segment. This segment provides building solutions as a service and comprises a blend of engineering capabilities such as Prefabricated Prefinished Volumetric Construction ("PPVC"), Precast, Structural Steel, Mass Engineered Timber ("MET") and Tunnel Segment production. With this asset-light business model, the Group is positioned to capture rising industry demand for modern and efficient building solutions.

On the property development front, Tiong Seng has successfully developed both residential and commercial projects in various second and third-tier cities in China, including Tianjin, Suzhou and Yangzhou. The Group currently has three on-going projects in the Bohai Economic Rim, one of the main economic zones in China. The Group has also made headway in the Singapore property market in the prime districts 9 and 10.

COVER STORY

FORTIFYING OUR FUTURE BY OVERCOMING CHALLENGES AND UNLOCKING VALUE

We have come a long way since our early days as a small construction firm, successfully navigating challenge after challenge to emerge as a stronger and more resilient organisation today. 2022 proved to be another uncertain and difficult year, as the Group grappled with the lingering after-effects of COVID-19 on the industry, as well as macroeconomic headwinds generated by the Russian-Ukraine conflict that created massive disruptions in global supply chains. This resulted in volatile as well as higher raw material and commodity prices. Our Construction segment was hit by increased manpower, materials and subcontracting costs, which in turn impacted our Engineering Solutions segment. While the gradual rebound of economic activity and loosening of COVID-19 measures from June 2022 helped underpin the broader economic growth, the construction sector did not recover at a similar pace due to impact from higher costs. The only bright spot was the performance of our Property Development operations, which were buoyed by relatively resilient real estate demand. Despite encountering such daunting challenges, we can now see the light at the end of tunnel. The pandemic, as well as the geopolitical and economic turbulence throughout 2022, have underscored the importance of being resilient in order to overcome these challenges.

Looking ahead to 2023, we have established three goals – meeting our commitments, securing new contracts, and reaching and maintaining zero-safety incidents. Above all else, safety will remain a critical emphasis for us this year as we achieve Temporary Occupation Permit ("TOP") status for existing projects and secure new contracts. The Group will also continue to pursue its Design for Manufacturing and Assembly ("DfMA") strategy as a means to further reduce labour and materials cost pressures, as well as to meet the built environment sector's sustainability targets. We will also leverage on innovative solutions and digitalisation, including our core Building Information Modelling ("BIM") technology, to stay ahead of the curve. Our diverse suite of modular and green Construction and Engineering Solutions also remains highly sought after in both domestic and international markets. For our Property Development segment, the momentum we have built with our initial portfolio of residential properties is expected to continue, underpinned by steady demand.

Moving forward, we are focused on accelerating the Group's business cadence and orchestrating its earnings turnaround. We need to remain tenacious, mindful, and focused to meet our commitments, realise our objectives and secure our future. With the unwavering commitment of our employees and continued support of our shareholders, we remain confident of achieving every success along our journey of transformation and renewal.

PROJECT LIST

COMPLETED PROJECTS

RESIDENTIAL

Sloane Residences
Client: TSky Balmoral Pte Ltd

CIVIL ENGINEERING

Murname Pipeline Project Package 5

Water Transmission Pipeline Project (Aye/Henderson Road to River Valley Road)
Client: Public Utilities Board

ONGOING PROJECTS

RESIDENTIAL

One Pearl Bank
Client: ARECA Investment Pte Ltd

Cairnhill 16
Client: TSky Cairnhill Pte Ltd

Hyll on Holland
Client: FEC Skypark Pte Ltd

PROJECT LIST

ONGOING PROJECTS (CONTINUED)

RESIDENTIAL
Midtown Modern
Client: MTG Apartments Pte Ltd & MTG Retails Pte Ltd

INSTITUTIONS
Outward Bound Singapore Campus at Coney Island
Client: Ministry of Culture, Community and Youth

INDUSTRIAL
JTC Space @ Ang Mo Kio
Client: JTC Corporation

HOTEL
Club Street Hotel
Client: Midtown Development Pte Ltd

CIVIL ENGINEERING
Contract T220 - Great World Station
Client: Land Transport Authority

KEY ENGINEERING SOLUTIONS PROJECTS
PRECAST PROJECTS
Sembawang N2C1 & C2
BHCC Construction Pte Ltd

HDB Batch 1
Housing Development Board

Kallang Whampoa C43
Client: Kienta Engineering Construction Pte Ltd

JTC Space @ Ang Mo Kio
Client: Tiong Seng Contractors Pte Ltd

One Pearl Bank
Client: Tiong Seng Contractors Pte Ltd

PROJECT LIST

COMPLETED PROJECT

MASS ENGINEERED TIMBER PROJECT

Academic Building & Ancillary Block in Nanyang Technology University
Client: Newcon Builders Pte Ltd

ONGOING PROPERTY DEVELOPMENT

PROJECTS IN CHINA

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

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

Phases of development, with the expected completion of the different phases ranging from 2014 to 2025

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

Residential comprising terrace houses and apartments: 87,220 sqm, over a land area of 85,509 sqm

Two phases of development, which were completed in 2016 and 2017 respectively

Zizhulin, Tianjin, by Tianjin Zhizhulin Development
Commercial: 12,000 sqm, over a land area of 8,000 sqm

CHAIRMAN'S MESSAGE

MR ONG LAY KHIAM
Chairman

DEAR SHAREHOLDERS,

2022 was characterised by increased economic uncertainties and risks. Persistently high and broad-based inflation, triggered by the Russia-Ukraine conflict, prompted central banks around the world to quicken the pace of interest rate hikes. Meanwhile, global supply chains continued to face disruptions and delays with the prolonged impact of COVID-19 and its aftereffects. China's zero COVID-19 policy restrictions, which were dismantled only in December – also severely curtailed growth in the world's second-largest economy.

As a result, global growth slumped to 2.9% in 2022 from 5.9% in 2021[1]. These negative developments in turn dented the overall performance of the Singapore economy, which expanded 3.8% in 2022, slowing from an estimated 8.9% growth in the year before[2]. Against this challenging macroeconomic backdrop, compounded by operational challenges in the form of labour shortages, supply chain disruptions and escalating construction costs for manpower, materials and commodities, Tiong Seng Holdings Limited ("TSH") recorded a net loss of $85.0 million, a sobering result indeed. Nonetheless, our fundamentals remain strong, with the Group maintaining a healthy balance sheet.

At this point, progress for existing construction projects have gained momentum, and we aim to obtain TOP for 6 out of 9 pre-COVID projects in 2023. Following the easing of remnants of COVID-19 curbs and stabilisation of raw material prices, we hope our situation would improve further operationally. The International Monetary Fund (IMF) has expressed optimism about the global economy, indicating an improvement is expected in the second half of 2023 and into 2024[3]. China's relaxation of its pandemic restrictions and reopening of its economy not only bode well for the country's growth prospects – with economists now expecting China to expand 5.1% in 2023 and 5% in 2024[4] – but also the global economic outlook. At home, Singapore expects an uneven growth prospect. As a result, the Ministry of Trade and Industry has maintained its gross domestic product (GDP) growth forecast of between 0.5% and 2.5% in 2023[5]. In the immediate short term, the Group is determined and has been able to scale up construction output close to pre-pandemic levels. It is now our first priority to fulfill our obligations to our customers in terms of project deliveries. Our other short-term priorities are securing new contracts and ensuring that safety is an imperative in every aspect of our operations.

While we note that the built environment has yet to fully rebound, we are beginning to see green shoots of recovery developing amidst the challenges. Over the longer term, to accelerate TSH's business momentum, we will need to expedite our organisation's transformation – a campaign that was initiated during the pandemic to help strengthen the group's future resilience, while helping it emerge stronger post-COVID-19. The three drivers are 1) digital construction solutions, 2) DfMA for fast-track construction, and 3) ESG focus for corporate responsibility.

1 https://www.worldbank.org/en/news/press-release/2022/06/07/stagflation-risk-rises-amid-sharp-slowdown-in-growth-energy-markets
2 https://www.straitstimes.com/business/singapore-keeps-2023-growth-forecast-as-2022-gdp-comes-in-lower-than-estimated
3 https://www.ft.com/content/e8177fda-7d4e-42d6-83ab-65d2766a32e4
4 https://www.bloomberg.com/news/articles/2023-01-19/china-s-growth-forecasts-raised-into-next-year-as-country-reopens?leadSource=uverify%20wall
5 https://www.channelnewsasia.com/singapore/mti-singapore-economy-2023-maintain-gdp-forecast-3273471

CHAIRMAN'S MESSAGE

SUSTAINABILITY EFFORTS

In 2022, Tiong Seng made it a goal to embed sustainability into its core operations. The Group kickstarted the year with its ESG Opening Forum, sharing details on the Group's sustainability framework and various drivers. A Board level Risk & ESG Committee was also commissioned. The Group adopted the Taskforce for Climate-Related Financial Disclosures (TCFD) for the first year of reporting and developed our Scope 1 and Scope 2 carbon inventory. Partnerships were another key element advancing this goal. During the year, the Group worked on new key initiatives with institutions of higher learning and other partners, such as the National University of Singapore, Singapore Institute of Technology, Outward Bound Singapore, Singapore Green Building Council and Singapore Business Federation. The Group will continue to tap on renewable energy to improve on our overall energy efficiency levels.

DIGITALISATION FOCUS

Digitalisation remains a focus for the Group. With digital transformation continuing to gain momentum in the built environment, the Group is gearing up to seize opportunities from technological disruption. We remain a frontrunner in adopting tools such as Building Information Modelling (BIM), Virtual Reality (VR), Augmented Reality (AR), Internet of Things (IoT) and Construction Management Systems (CMS). At the same time, the Group continues to make strides in consolidating time-consuming design, production and construction processes into efficient workflows. Transforming into a digitally adept, knowledge-heavy business augurs well for our future growth.

DFMA-MINDED

Tiong Seng prides itself on rigour and innovation. As early as 2010, the Group has invested heavily in modern methods of construction, adding and redefining value. With the pandemic reaffirming the need to press on with such productivity improvements, Tiong Seng continues to strengthen its skillsets. Partnerships with institutes of higher learning and global conglomerates such as Kajima Corporation were key in enabling this agenda. For many of our projects, DfMA has also been incorporated from the onset, allowing the Group to reap benefits in time-savings, enhanced safety and higher quality deliverables. Ongoing projects that have extensively adopted such modular solutions include OBS@ Coney Island, Midtown Modern and JTC Space @ Ang Mo Kio.

Overall, there are signs that the pandemic and its after-effects are beginning to recede. However, much still remains to be done. The Group strives to remain united, resilient and flexible, as we remain focused on accelerating the Group's post-pandemic earnings performance. We believe that our solidarity, camaraderie and hard work will be key in achieving this.

Last but not least, I would like to express our sincere appreciation to our business partners, customers and shareholders for their continued patience, trust and support. I would also like to thank our management team and all employees for their hard work and dedication.

MR ONG LAY KHIAM
Chairman

CEO'S MESSAGE

MR PAY SIM TEE
Chief Executive Officer
and Executive Director

DEAR SHAREHOLDERS,

2022 has been a year fraught with challenges for the Group. A combination of global macroeconomic volatility and continued local industry challenges led to larger-than-expected increases in business and operating costs.

Globally, macroeconomic uncertainty drove supply chain disruptions, while raw materials, labour, and energy costs increased due to the ongoing Russian-Ukraine conflict and China's COVID-19 restrictions, which were only dismantled in the second half of 2022. Both major events weighed on our ability to deliver our projects already impacted by COVID-19 in the preceding years of 2020 and 2021. Rising energy costs globally and in Singapore also contributed to supply chain cost increases that made it more challenging for the Group to continue delivering on our pre-COVID commitments.

As the nation emerged from the COVID-19 pandemic in earnest, work volumes remained depressed in the early months of 2022, leading to slower-than-expected project deliveries and revenue collection. Further, an unprecedented spate of workplace injuries across the nation led to an increasingly stringent regulatory environment for our sector. In 2022, Singapore recorded a spike in safety-related incidences and 42 workplace fatalities, the highest death toll since 2018, up from 37 the year before[1]. Changes in regulations as a national response to moderate workplace injuries have added further operating demands and costs to an already challenging situation.

Cumulatively, these challenges have led to an unprecedented impact on our performance for the year, resulting in a full-year net loss.

BUSINESS REVIEW

A Bad Year for Construction

Revenue from the Construction segment increased from $190.6 million in FY2021 to $299.5 million in FY2022. The segment also experienced an operating loss of $55.2 million, up approximately $22.6 million from the year before, due to the increase in costs. Throughout the year, sustained supply chain disruptions resulted in higher operating expenses, following the rapid rise in manpower, raw material and commodity costs. In particular, concrete and structural steel prices jumped as much as 30% across the board. The BCA tender price index, which measures the trend of contractors' pricing levels in accepted tenders, rose from 102.8 in 2020, to a high of 132.1 in 3Q2022, reflecting the similar surge in operational costs during this period[2]. With many of the Group's projects having been secured at pre-pandemic rates, fluctuations in costs further ate into projects' already slim profit margins, leading to the Construction segment's poor performance in 1H 2022. As a major driver and contributor to the Group's revenue, the Construction segment's performance thus set the tone for the Group's performance for the financial year.

While the Singapore economy began to progressively reopen in 2H2022, growth was hampered when old challenges, in the form of construction safety concerns, resurfaced. Spurred by a surge in workplace safety incidents that included both breaches and fatalities, not only were enforcement and regulatory efforts stepped up, safety was also made a critical consideration when securing new projects. Aggregating all these factors, the Construction segment incurred substantially higher Y-o-Y operating expenses, eating into originally slim profit margins.

1 https://www.straitstimes.com/singapore/two-more-workplace-deaths-recorded-42-fatalities-to-date-in-2022
2 https://www1.bca.gov.sg/docs/default-source/docs-corp-form/free-stats.pdf

CEO'S MESSAGE

Dismal Performance of Engineering Solutions
Revenue from the Engineering Solutions segment fell from $85.2 million in FY20221 to $50.2 million in FY2022. Net operating loss for the segment was $21.0 million in FY2022 from an operating loss of $0.5 million in FY2021. The performance of this segment closely mirrors that of the Construction business, as the bulk of Tiong Seng Engineering Solutions ("TSES") contracts are in service of the Construction segment's pre-pandemic projects. With the sluggish pace of activity in 1H2022, and local borders remaining shut, though incoming revenues grew, operational costs continued to climb at an exorbitant pace, driven by higher raw material and commodity prices. As these projects are secured through intra-Group contracts, the impact was doubly felt within the Group.

Furthermore, TSES had to perform a one-off adjustment on prior-year revenue recognition by one of its key subsidiaries in Robin Village Development Pte. Ltd..

Nonetheless, TSES' performance in 2H2022 improved, led by a new Management team. Crucially, the segment's subsidiary companies saw an increase in new contracts secured outside the Group. Operating capacities were significantly increased to lower expected losses, while driving faster revenue collection.

Property Operations Perform Moderately Well
Revenue from the Property Development segment decreased from $35.3 million in FY2021 to $26.1 million in FY2022. The net operating loss for the segment decreased from $16.9 million in FY2021 to $5.5 million in FY2022. Contributing to the performance of this segment locally were Sloane Residences, a 12-storey 52-unit joint-venture development in the Balmoral neighbourhood, and Cairnhill 16, a 15-storey 39-unit freehold condominium located at the top of Cairnhill Rise, along the exclusive central Orchard Road belt.

The Singapore private residential market displayed resilience, and was buoyant for a good portion of 2022. Sloane Residences achieved its TOP status on 18 November 2022, was fully taken with a respectable average price of $2,882 psf, while Cairnhill 16 continued to enjoy robust buying interest through the last quarter of 2022.

Internationally, the segment's business in China suffered its most disruptive year since the beginning of the COVID-19 pandemic. Despite achieving TOP status for one project, and being on schedule to complete the other, both projects saw declining Y-o-Y sales revenue of over 50%. This was partially attributed to China's adherence to a strict zero-COVID policy and frequent lockdowns. Further, China's property development market was weighed down by troubling performances of well-known Chinese developers. As the entire Chinese market calibrated downwards in terms of price performance and sales volumes, our projects were similarly caught by the wave of negative market sentiment.

CAUTIOUS OPTIMISM FOR 2023
Despite numerous headwinds in 2022, with COVID-19 curbs firmly in the rear view, both in Singapore and around the world – particularly China, the world's second-largest economy – we have seen green shoots of recovery emerging, and remain cautiously optimistic of a better 2023. At home, following the resumption of industry activity and the corresponding economic rebound, new construction demand in the built environment is emerging. Disrupted supply chains have also begun to normalise, signalling a return to stable operating conditions in the year ahead.

BCA FORECASTS ROBUST CONSTRUCTION DEMAND
Moving forward, the outlook for the industry remains positive. As at 31 December 2022, the Group's order book stood at $1.1 billion, and is expected to extend till 2024. Over the medium term, the BCA has forecast total construction demand to reach between $25 billion and $32 billion per year from 2024 to 2027. The public sector will continue to lead demand and is expected to contribute $14 billion to $18 billion per annum from 2024 to 2027, with about 60% of demand made up by building projects and the rest by civil engineering works. Private sector construction demand is projected to remain steady over the medium term, reaching approximately $11 billion to $14 billion per annum from 2024 to 2027, in view of healthy investment commitments amid Singapore's strong economic fundamentals[3].

ENGINEERING SOLUTIONS EYES FRESH OPPORTUNITIES
The increased construction demand will have a positive spillover effect on TSES – increased demand for projects will trickle down and materialise into new opportunities for this segment. Moving forward, the division is also expected to become more resilient as it diversifies its clientele base and shifts away from a dependence on Tiong Seng projects. Furthermore, as the Group's current construction contracts have been able to price in the increase in raw material costs, TSES will enjoy higher revenues. With the potential for faster turnaround times for its projects, it will also reap the benefits of additional sources of revenue.

3 https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023

CEO'S MESSAGE

With the full resumption of work activities, both TSC and TSES will be able to shed pre-COVID contracts this year as we look to achieve TOP status for six of our nine projects in 2023. An increased capacity to take on new projects will allow us to capture better-performing contracts to spark the Group's recovery in the post-COVID era.

POSITIVE PROPERTY DEVELOPMENT TRENDS

In Singapore, steady demand continues to underpin the domestic real estate sector, with private home prices gaining 8.4% in 2022, compared with 2021's 10.6% rise. While property demand is expected to moderate this year following government cooling measures, slower economic growth and higher interest rates, analysts still expect prices to grow in single digits in 2023[4]. Singapore also continues to be a highly attractive destination for regional and global family offices, with an expectation that long-term real estate demand will remain positive and grow sustainably.

In China, the outlook also continues to improve. The Chinese government has implemented policies to revitalise its real estate market, such as cutting mortgage board rates, reducing down payments, increasing subsidies, and loosening financing requirements for property developers[5]. Additionally, the Chinese government has forecasted economic growth of around 5% in 2023, up from 3% in 2022[6]. As the Chinese economy revs up this year, we expect that real estate will remain a core driver of growth, boding well for our China property holdings.

FORGING AHEAD IN UNITY

Having identified our key opportunities, it is critical for the Group to rally together, united in purpose, to realise these growth drivers. We will adopt an all-hands-on-deck approach across the organisation to achieve our goals of meeting Temporary Occupation Permit ("TOP") commitments, securing new contracts, and ensuring that safety is a priority and an imperative. We aim to achieve TOP status for six projects in a timely manner over the course of this year. This will clear up the backlog of old projects, freeing up our capacity to take on fresh ones. Securing new contracts in the year ahead is everyone's responsibility – all of us at Tiong Seng are custodians for project safety, quality and timeliness. The pandemic, as well as the geopolitical and economic turbulence in 2022, have underscored the importance of remaining resilient in order to overcome multiple challenges. We must forge ahead, seizing all available opportunities with diligence and perseverance, to ensure that the worst is truly behind us.

EXPANDING TALENT POOL

To drive the Group's transformation efforts and accelerate our return to pre-pandemic growth rates, Tiong Seng unveiled new appointments to beef up its leadership team. These appointments are critical to boosting the Group's business cadence as it pursues the goal of becoming the pioneer of modern technological construction, and ramps up efforts to build on its post-pandemic rebound.

First, Mr Pek Zhi Kai, the Group's Executive Director, was appointed Deputy Managing Director of Tiong Seng Contractors. In this role, Mr Pek, who has held increasingly senior roles since he joined Tiong Seng in 2018, will be responsible for the business unit's overall expansion and development strategy. The Group also appointed Mr Darius Lim as the new Managing Director of the Group's wholly owned subsidiary, Robin Village Development Pte. Ltd. ("RVD"). In this role, he will focus on strengthening the subsidiary's corporate structure to increase operational resilience and efficiency, while catalysing growth for the Engineering segment by building international networks and partnerships.

To further strengthen its management bench, the Group named Mr Lim Chee Hwa as its Executive Director. He will spearhead Tiong Seng Contractors' growth initiatives by securing new tenders, as well as re-instilling the spirit of innovation and rigour in the organisation. Last but not least, Mr Seet Guan Hui, Kevin was appointed to the role of Corporate EHS (Environment, Health, Safety) Director, where he will be responsible for enhancing Tiong Seng Contractors' commitment to our nation's Workplace Safety and Health requirements.

APPRECIATION

With the help of our new colleagues, we remain cautiously optimistic of building a stronger growth momentum ahead to power our post-pandemic recovery. On behalf of the Board of Directors, I would like to thank all of our staff, shareholders and stakeholders for your unwavering trust and support through these difficult times.

MR PAY SIM TEE
Chief Executive Officer and Executive Director

4 https://www.channelnewsasia.com/singapore/private-homes-prices-rise-2022-ura-3179591
5 https://www.bloomberg.com/news/articles/2022-08-24/china-plans-more-measures-to-stabilize-economy-as-recovery-slows
6 https://www.bloomberg.com/news/articles/2023-03-05/china-sets-modest-growth-target-as-economic-risks-persist

BOARD OF DIRECTORS

MR ONG LAY KHIAM
Non-Executive Chairman and Independent Director

For the period 1971 to 2013, **Mr Ong Lay Khiam** was working in local financial institutions holding various leadership positions including those of Tat Lee Bank and Hong Leong Finance. For the period 2007-2008, he was the inaugural Executive Director of the Lien Ying Chow Legacy Fellowship at the Nanyang Technological University while concurrently appointed by the university as an Adjunct Associate Professor.

Mr Ong is currently an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry. He also serves on the board of Lien AID (a non-profit organization).

Mr Ong holds a First Class Honours degree in Accountancy from the Nanyang University and a Master Degree in Accounting and Finance from the London School of Economics and Political Science, University of London and is also a Fellow Chartered Accountant of Singapore. He was appointed to our Board of Directors on 24 February 2010 and was re-elected on 22 April 2022.

MR PAY SIM TEE
Chief Executive Officer and Executive Director

Mr Pay Sim Tee first started his career in the construction industry at Tiong Seng Contractors in 1977. In 1989, he became a director of Tiong Seng Contractors and was appointed as Managing Director on 1 August 2020. He has more than 40 years of experience in earthwork, road and bridge construction, civil engineering and building work in Singapore, the PRC, Vietnam, PNG and Laos.

Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1977. He was appointed to our Board of Directors on 24 February 2010 and was last re-elected on 22 April 2022. Mr Pay was appointed as Chief Executive Officer and Executive Director of Tiong Seng Holdings Limited on 1 August 2020.

MR PEK ZHI KAI
Executive Director

Mr Pek Zhi Kai joined the Tiong Seng Group in 2018, under the Group's subsidiary Steeltech Industries Pte Ltd as a Commercial Manager. In the same year, Mr Pek led efforts to add develop new green construction capabilities and formed the Group's first Mass Engineered Timber unit. Following the Group's 60th Anniversary and strategic reorganisation, Mr Pek was appointed a Director of Group's three business segments in Construction, Engineering Solutions, and Property Development in 2019.

Mr Pek also currently holds the role of General Manager (Singapore) for the Group's Property Development business. Mr Pek was appointed to our Board of Directors on 1 July 2021. Mr Pek is currently a member of the Youth Business Affairs Committee of the Singapore Chinese Chambers of Commerce & Industry, and a member of the Built Environment Subcommittee under the Singapore Business Federation's Infrastructure Committee.

Mr Pek holds an MSc in Organisational & Social Psychology from London School of Economics and Political Science, and a BSc degree in Psychology from University College London. Mr Pek was a Senior Associate with PwC Singapore in Governance, Risk and Assurance before joining the Tiong Seng Group. He was appointed to our Board of Directors on 24 February 2010 and was last re-elected on 22 April 2022.

BOARD OF DIRECTORS

MR ANG PENG KOON, PATRICK
Independent Director

Mr Ang Peng Koon, Patrick is the Managing Partner of one of the largest law firms in Singapore, Rajah & Tann Singapore LLP. He is also the Vice-Chairman of Rajah & Tann Asia.

He has 3 decades of experience handling both contentious and non-contentious matter and one of his key areas of expertise is in corporate restructuring and insolvency, acting for financial institutions and companies in many major and publicised cases.

He has been consistently recognised internationally as a leading lawyer in his field in consecutive years by many international legal and professional publications. He is also a lecturer in Insolvency at the Postgraduate Practice Law Course and a regular speaker at conferences/seminars. He is also an independent director of Singapore Deposit Insurance Corporation Limited (a statutory company accountable to the Monetary Authority of Singapore), an independent director of Nanyang Girls' High School, Chairman of the School Advisory Committee of Princess Elizabeth Primary School and a Director of the Insolvency Practitioners Association of Singapore. He served as independent director on SMRT Corporation from 2013 to 2017. Mr Ang was appointed to our Board of Directors on 24 February 2010 and was last re-elected on 19 June 2020.

DR TEO HO PIN
Independent Director

Dr Teo Ho Pin is a long-serving politician with a career in the public service spanning over 23 years. Formerly a Member of Parliament ("MP") for various constituencies including Sembawang GRC (1996-2001), Holland-Bukit Panjang GRC (2001-2006) and Bukit Panjang SMC (2006-2020), Dr Teo was also the Mayor of the North West District in Singapore (2001-2020), responsible for implementing Community Development Programmes for approximately 906,000 residents. During his tenure as Mayor, the North West District had clinched notable awards including the ASEAN Environmentally Sustainable Cities Award in 2017 and the Singapore Environment Council-Lee Foundation Singapore Environmental Achievement Award (Public Sector) in the same year.

Dr Teo had also served as the Chairman of the Holland-Bukit Panjang Town Council (2001-2020), and as Coordinating Chairman of 15 People's Action Party ("PAP") Town Councils in Singapore taking charge of township management for about one million public housing flats. Over the course of his political career, Dr Teo has chaired various Government Parliamentary Committees in National Development, Environment and Water Resources, Home Affairs, Law and Foreign Affairs.

Dr Teo was in 1982 awarded the Tan Lark Sye scholarship to pursue his bachelor's degree in Building from the National University of Singapore. Upon graduation in 1985, he joined the National University of Singapore as a teaching staff before he was awarded the National University of Singapore's Overseas Graduate Scholarship in 1986 to pursue his Master (in Project Management) and Doctorate (in Building) degrees at Heriot Watt University in the United Kingdom. In 1992, Dr Teo was appointed as the Chief Executive Officer of Jurong Town Council where he was responsible for the management of over 40,000 units of public housing flats. Dr Teo also took up three directorships in the private sector from 1999-2001, alongside numerous other public sector appointments throughout the course of his career. Dr Teo is currently director of ISOTEAM Ltd. and Singapore Environment Council.

From his prior experience gained, notably as an MP and former Mayor of the North West District in Singapore, Dr Teo has developed extensive expertise and a track record in implementing Green and Smart City initiatives to create sustainable buildings and communities. Dr Teo was appointed to our Board of Directors on 15 October 2020 and was last re-elected on 22 April 2021.

BOARD OF DIRECTORS

MR LEE IT HOE
Non-Executive Director

Mr Lee It Hoe had previously worked in Tiong Seng Contractors as a projects management executive back in the early 1960s; coupled with his extensive experience in the brokerage industry, his business acumen is expected to be an asset to our Group.

He holds a Diploma in Building Construction from Singapore Polytechnic in 1968. Mr Lee was appointed to the Board on 24 February 2010 and was last re-elected on 22 April 2021.

SENIOR MANAGEMENT

MR PEK DIEN KEE
Head of Asset Management

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

MR ANDREW KHNG
Head of Administration

Mr Andrew Khng has been with Tiong Seng Contractors (Private) Limited (TSC) since 1981. He is in charge of corporate matters of the Group. Mr Khng has more than 40 years of experience in civil engineering and building construction projects, including training and facility management. He was appointed as director of TSC in 1991. He is also heading the BCA certified Overseas Training Centre in Myanmar. He currently sits on the board of various organisations outside our Group and is also the past president of Singapore Contractors Association Limited. Mr Khng is the Honorary Consul of the Republic of Congo in Singapore.

MR WU GUANGYI
Chief Financial Officer

Mr Wu Guangyi joined us in December 2022 as the Chief Financial Officer and is responsible for finance, taxation, treasury and compliance matters of the Group. Mr Wu has about 20 years of experience in auditing, financial management, IPO, M&A, due diligence and corporate transactions. Prior to joining Tiong Seng, he was the Chief Financial Officer of Starburst Holdings Limited. Mr Wu graduated from the Oxford Brookes University with a Bachelor of Science in Applied Accounting and a Master of Business Administration from the University of Manchester. He is a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, UK.

SENIOR MANAGEMENT

MR LIM CHEE HWA
Executive Director, TSC

Mr Lim Chee Hwa joined Tiong Seng Contractors (Private) Limited in December 2022 as an Executive Director. He is a veteran in the sector, having worked and held senior positions through the entire chain of the Built Environment Industry, from development, construction and consultancy services. He also sat in numerous executive committees in the Singapore Contractors Association Limited (SCAL) and Building and Construction Authority (BCA), and was the Board member of BCA from 2020 to 2023. His most notable contributions has been in the areas of new construction methodologies and innovations. These included the pioneering of Concrete Pre-fabricated, Pre-finished Volumetric Construction for residential buildings, Modular Volumetric Multi-storey Carpark Construction and Advanced Hybrid system of Pre-cast Construction. Mr Lim graduated from The National University of Singapore, School of Architecture in 1990, and obtained his registration with the Board of Architects in 1993, where he was also awarded the Board of Architects Prize in 1993.

MR LIM JIN WUI DARIUS
Executive Director, TSES

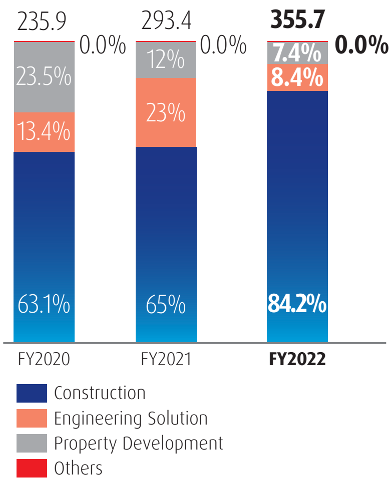
Mr Lim Jin Wui Darius joined us in January 2022 as Head of Group Strategy & Plans and also assumed the role of Executive Director of Tiong Seng Engineering Solutions Pte. Ltd. (TSES). Mr Lim was appointed as Managing Director of Robin Village Development Pte. Ltd. (RVD) in September 2022. He is responsible for TSES' Design for Manufacturing and Assembly (DfMA) capabilities and sustainable solutions, as well as securing strategic opportunities for TSES' businesses and products in the global markets. Prior to joining Tiong Seng, Mr Lim held leadership positions across the commercial and public sectors, bringing a wealth of experience in senior management and overseas business expansion. Mr Lim participated in the International Advanced Management Programme from Massachusetts Institute of Technology (Sloan School of Management), USA. He graduated from the London School of Economics and Political Science with a Bachelor of Science in Economics and International Relations, and a Master of Business Administration from the Nanyang Technological University, Singapore.

MR ONG CHUN TIONG
General Manager, Tianjin, PRC

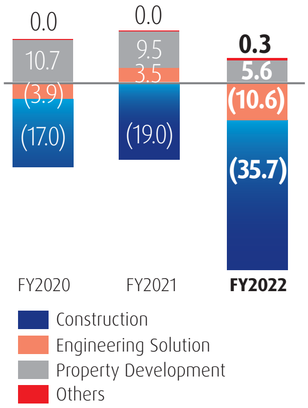
Mr Ong Chun Tiong has been overseeing our subsidiaries in Tianjin, PRC, since 2004. He joined us in 1998 as an Information Systems and Business Process Manager, and was responsible for our Group's expansion into new markets in the construction industry. Mr Ong graduated from the London School of Economics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

FINANCIAL HIGHLIGHTS

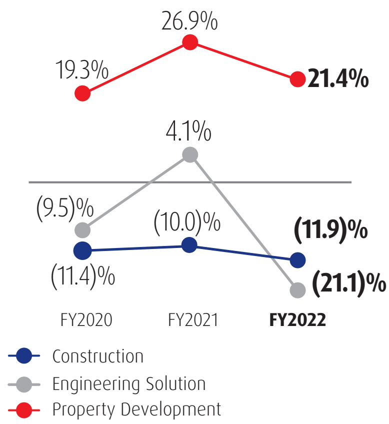
REVENUE ($'MIL)



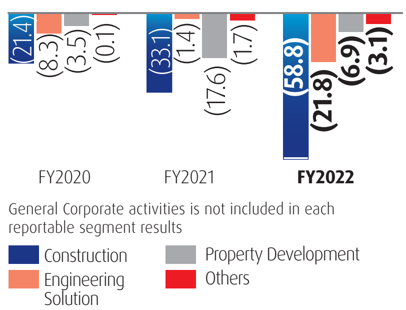
GROSS PROFIT/(LOSS) ($'MIL)



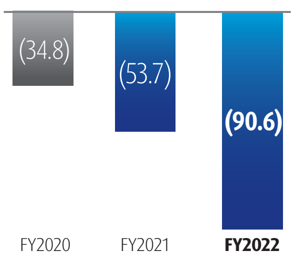
GROSS PROFIT/(LOSS) MARGIN



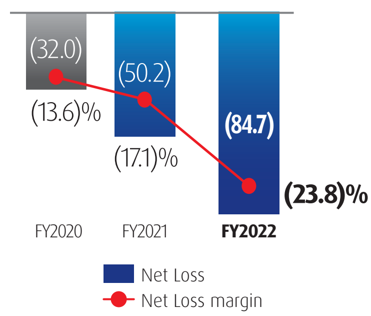
REPORTABLE SEGMENT LOSS BEFORE INCOME TAX ($'MIL)



LOSS FROM OPERATING ACTIVITIES BEFORE JV, ASSOCIATE & TAX ($'MIL)



NET LOSS ATTRIBUTABLE TO SHAREHOLDERS ($'MIL)



LOSS PER SHARES (CENTS)

CASH AND BANK BALANCES ($'MIL)

NET ASSET VALUE PER SHARE (CENTS)

SHAREHOLDERS EQUITY ($'MIL)

SUSTAINABILITY REPORT

ABOUT THIS REPORT

REPORTING SCOPE AND PERIOD

This is the Group's fifth annual sustainability report and it captures the Group's progress in implementation of our sustainability approach and initiatives for the financial year ended 31 December 2022 ("FY2022"). The scope of the report covers all Tiong Seng Group's offices in Singapore and Tiong Seng's construction operations in Singapore where environmental, social and governance issues are considered most material, including:

- Cairnhill 16 (CHT)
- Sloane Residences (SCT)
- Midtown Modern (TQL)
- NS Hub (NSH)
- Club Street Hotel (CH19)
- Hyll on Holland (HL20)
- Jurong Town Corporation Space @ AMK (JTC AMK)
- Outward Bound Singapore @ Coney Island (OBS)
- One Pearl Bank (PB19)
- Tiong Seng Building
- Tiong Seng @ Tuas South
- Tiong Seng Prefab Hub

The report does not cover civil engineering projects undertaken by Tiong Seng Contractors Pte. Ltd. as these projects were completed in early 2022, and as a result there is lack of data availability for these projects. The report also excludes information pertaining to Tiong Seng's operations in China due to lack of data availability in the project sites there.

The energy and water data pertains to all the projects and offices listed above. The waste data only includes construction projects mentioned above while the human capital, safety and employment data includes all workers and employees under Tiong Seng Group in Singapore.

Our governance matters and economic performance are set out in the Corporate Governance and Financial Statements sections of our 2022 Annual Report respectively.

REPORTING STANDARD

Our sustainability report is prepared in compliance with the Singapore Exchange (SGX)'s sustainability reporting listing requirements and with reference to the Global Reporting Initiative (GRI) Standards 2021. The GRI framework has been chosen as it provides relevant guidance on stakeholder engagement, materiality assessment and performance disclosures based on our material topics. Topic-specific disclosures have been mapped using a GRI content index at the end of this report.

In view of the SGX requirements for mandatory climate reporting for our industry (materials and buildings) from FY2024, we have undertaken the three-year phased approach to report on the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). We have prepared the climate related TCFD disclosures in our FY2022 Sustainability Report for the first time.

FEEDBACK

We value and welcome any feedback to help us improve our sustainability practices and performance. Please send your questions or feedback to enquiry@tiongseng.com.sg.

SUSTAINABILITY REPORT

AWARDS AND ACCREDITATIONS

In 2022, Tiong Seng won several awards in recognition of our continuous efforts for high quality build, extensive use of construction technology and ensuring workplace safety.

We prioritise the safety of our workers and strive to provide a safe environment for built works to be carried out at all our sites, this includes effective management of safety risks and measures put in place to manage the risks identified. We pride ourselves on our work and create meaningful projects that showcase our capabilities as a builder at the same time mitigating the adverse impacts that we have on the environment.

The following table and list shows our achievements and accreditations in 2022 on institutional safety and organisational excellence.

AWARDS

INSTITUTIONAL SAFETY

- Ministry of Manpower SHARP Award – Jurong Town Corporation @ AMK
- Ministry of Manpower SHARP Award – Outward Bound Singapore @ Coney Island
- Ministry of Manpower SHARP Award – Sloane Residences
- Ministry of Manpower SHARP Award – Hyll on Holland
- ROSPA (Gold Award) – Tiong Seng Civil Engineering (Private) Limited
- ROSPA (Gold Award) – Tiong Seng Contractors (Pte) Ltd
- ROSPA (Silver Award) – Hyll on Holland
- ROSPA (Silver Award) – Outward Bound Singapore @ Coney Island
- ROSPA (Silver Award) – Jurong Town Corporation @ AMK
- ROSPA (Silver Award) – Tiong Seng Contractors (Pte) Ltd, Pearl Bank
- ROSPA (Silver Award) – Midtown Modern
- ROSPA (Silver Award) – Cairnhill 16
- bizSAFE (Star) (valid from 4 March 2021 to 20 December 2023) – Tiong Seng Contractors (Pte) Ltd
- bizSAFE (Partner) (valid from 22 December 2022 to 21 December 2024) – Tiong Seng Civil Engineering (Pte) Ltd
- bizSAFE (Star) (valid from 15 March 2021 to 20 December 2023) – Tiong Seng Civil Engineering (Pte) Ltd
- bizSAFE (Partner) (valid from 09 March 2022 to 08 March 2024) – Tiong Seng Contractors (Pte) Ltd

SUSTAINABILITY REPORT

AWARDS

ORGANISATIONAL EXCELLENCE

- Green Gracious Builders (Merit) (Valid from 15 November 2021 to 03 October 2024) – Tiong Seng Civil Engineering (Pte) Ltd
- Green Gracious Builders (Star) (Valid from 02 September 2022 to 09 July 2025) – Tiong Seng Contractors (Pte) Ltd
- BCA Green Mark Gold Plus Award for New Residential Building – Sloane Residences
- Built Environment Leadership Award
- Construction Excellence Award
- Green and Gracious Builder Award
- BCA Green Mark
- BCA BIM Awards
- BCA Construction Excellence Award
- BCA Quality Excellence Award
- BuildingSMART (Hong Kong) BIM Awards
- BuildingSMART International Awards
- Built Environment Leadership Award
- Construction Productivity Award
- Construction Productivity Award (Advocates)
- Design Engineering and Safety Excellence Award
- FIABCI Prix D' Excellence Award
- I-Care Awards
- Innovation Class (I-Class) Award
- Keppel's Innovative and Best Practice Award
- LEAF Award By NPARKS
- Most Scalable Collaboration
- Most Transparent Company (Construction Category)
- People Developer Award
- Safety and Health Award Recognition for Projects (SHARP)
- SCAL Workplace Safety & Health Award for Supervisors
- SCAL Workplace Safety & Health Innovation Awards
- SG Mark
- Singapore Quality Award
- Singapore Quality Class (SQC) Star Award
- Skyrise Greenery Award

Please refer to the Company's website at www.tiongseng.com.sg for the full list of awards.

ACCREDITATIONS:

- Occupational Health & Safety Management System ISO45001:2018 (valid from 21 December 2020 to 20 December 2023) – Tiong Seng Contractors (Pte) Ltd
- ISO 9001 Quality Management System in Design Management, Building & Civil Engineering Construction Services
- ISO 14001:2015 and SS ISO 14001:2004
- Certificate of Registration (Environmental Management System) in Building & Civil Engineering Construction Services
- OHSAS 18001:2007 Certification of Registration (Occupational Health and Safety Management System) in Building & Civil Engineering Construction Services
- SS506: Part 12004 Certificate of Occupational Safety & Health Management System – For Building & Civil Engineering Works

SUSTAINABILITY REPORT

GREEN PROJECTS

OUTWARD BOUND SINGAPORE

Outward Bound Singapore (OBS) is an outdoor education institution that offers experiential learning programs to promote personal and team development. Participants engage in activities such as kayaking, rock climbing, and camping to develop leadership, resilience, and communication skills. The programs are designed for youths, adults, and corporate teams seeking to challenge themselves and grow in a supportive environment. OBS was expanded in order to provide more facilities as part of the government's effort to expand outdoor education through the National Outdoor Adventure Education Masterplan announced in Budget 2016. Tiong Seng was the builder for the expansion of OBS.

Extensive adoption of Designing for Manufacturing and Assembly (DfMA) in Construction

For Outward Bound Singapore @ Coney Island, construction methods such as Prefabricated Prefinished Volumetric Construction (PPVC) were used to manufacture modules of the structure with internal finishes, fixtures and fittings in an off-site fabrication facility, before they were delivered and installed onsite. Over 6000 pieces of precast elements, hybrid PPVC modules, Mass Engineered Timber struts and 1,650m of DfMA Modular Lead-in Pipes were used. This was done in-lieu of casting in-situ allowing for better quality, reducing wastage and reworks contributing to a lower overall footprint. We used recyclable and reusable Light Gauge Steel (LGS) hoardings for Outward Bound Singapore @ Coney Island as well as their site offices.

Site specific initiatives to protect flora and fauna

Tiong Seng and OBS consulted the nature groups on introducing greenery into the campus to enhance biodiversity by creating new habitats for animals, promoting coexistence through education programmes in the long run, and incorporating natural design elements.

Construction work for a new OBS campus on Coney Island was carefully planned to minimise adverse impact on the island's flora and fauna. In line with our Environmental Monitoring and Management Plan (EMMP) during construction, we worked with National Parks Board (NParks) for the careful handling of wildlife found within our development site and the transplanting and re-planting of wildlife flora.

Green buffer space of 2 to 10 m has been allocated for the periphery of the OBS development boundary and trees of higher conservation value were transplanted. Wildlife, such as feral dogs and honeybees, are being relocated with the help of a specialist and various local wildlife associations. Relocation and rehabilitation programmes are also in place for otters, wild boars, and wild dogs through collaboration with the Society for the Prevention of Cruelty to Animals (SPCA) and Nature Society.

The construction hours are strictly regulated from 8 am to 6 pm to minimise the disturbance to nocturnal wildlife. Designated wildlife crossing has been constructed to facilitate wildlife crossing. Humane and environmentally friendly vector options have been thoughtfully considered and adopted for this project.

Most of the direct impact from the protection of biodiversity has been measured in qualitative terms such as stakeholders' satisfaction and observed records of wildlife relocation. For the conservation efforts undertaken by Tiong Seng Contractors (Private) Limited (TSC) at OBS, we were nominated by the Nature Society for the Biodiversity Champion Award.

SUSTAINABILITY REPORT

Compliance

An Environment Impact Study was conducted before the construction and the EMMP was implemented for the construction and post construction phase of the development. All employees, from worker to manager level, are required to attend Biodiversity Awareness Training conducted by the EMMP Impact Specialist. The environmental construction guidelines with reference to the EMMP was circulated to all onboarded subcontractors. Additionally, a monthly EMMP performance report is submitted to the technical agencies to ensure full transparency.

PARTNERSHIP

In 2021, Tiong Seng signed an MOU with Sustainability-linked company CO2X (a joint venture by 3 home-grown technology companies – Ascent Solutions, Evercomm Singapore and Hashstacs), as part of our ESG efforts. This MOU was a joint effort between the partners to develop a platform that will provide local small and medium-sized enterprises (SMEs) with accessible carbon tracking solutions and green financial services through a data-driven approach.

Leveraging the sustainability platform, companies are able to track their carbon footprint to achieve benchmarking and devise data-driven emissions reduction strategies that help reduce the fuel and energy costs of doing business. Additionally, these companies can also use the data and reports by the platform to undergo green certification against international standards. This marks another milestone towards our Sustainability efforts.

In 2022, we contributed by tagging our equipment for the JTC Space @ AMK project, which provided live real-world data on its typical usage. Recognising the importance of transforming operations via digitalisation the construction team worked with service provider, Pylon.AI to explore how Internet of Things (IOT) can be adopted for the improvement of site operations such as real time tracking of precast and Mass Engineered Timber (MET) operations. By employing a construction management platform, the team was able to have an overview of the assembly line process, inspection, installation as well as the party responsible for the work. This system gave the team better control of operations ensuring timely delivery of the contract. As a by-product of this stricter control, outputs were of higher quality requiring less reworks, hence generating less wastage. This project serves as a test bed for establishing the benchmark for CO2 emissions from heavy machinery in the industry.

SUSTAINABILITY REPORT

OUR SUSTAINABILITY HIGHLIGHTS FOR FY2022

	FY2022's targets	Achieved/Not achieved
Environmental	Electricity intensity of less than 10 kWh/m^2 of project GFA	Target Achieved
	Diesel intensity of less than 6 litres/m^2 per GFA	Target Achieved
	Water intensity of less than 1m^3/m^2 of project GFA	Target Achieved
	General construction waste of less than 9Kg/m^2 of project GFA	Target Not Achieved
	Wastage for timber to be less than 1.5Kg/m^2 of project GFA	Target Achieved
	Wastage for plywood to be less than 2Kg/m^2 of project GFA	Target Achieved
	Wastage for Rebar/Scrap metal to be less than 1.65Kg/m^2 of project GFA	Target Not Achieved
Social	Zero Fatalities	Target Achieved
	Reduce AFR to 0.5	Target Not Achieved
	Maintain workplace injury rate below construction industry rate	Target Achieved
	Continue to engage sub-contractors with BizSafe level 3	Target Achieved
	Employee training hours – Average of 40 hours per employee	Target Not Achieved
	Limit monthly turnover to 2.50%	Target Not Achieved
	SIT bursaries 5	Target Achieved
	Scholarships up to 3	Target Not Achieved
Governance	Maintain zero confirmed incidents of corruption	Target achieved

SUSTAINABILITY REPORT

SUSTAINABILITY MANAGEMENT

MATERIALITY ASSESSMENT

In 2022, Tiong Seng continues its dealings for its three business arms – Construction, Property Development, and Engineering Solutions Services. We have revalidated the list of material topics identified in the previous years and prioritised the GRI material topics from the updated GRI 2021 Standards based on these factors:

- Relevance and criticality to our business and stakeholders;
- Global and local emerging sustainability developments; and
- Material topics identified by industry peers.

The following material topics in 2022 remain unchanged from the previous year:

Environmental	Energy, Emissions and Pollution
	Water and Effluents
	Waste
Governance	Anti-corruption
Social	Health and Safety – Occupational and Supplier Assessment
	Human Capital Assets – Training and Education, Employment, and Diversity and Equal Opportunity
	Local Community

ENGAGING OUR STAKEHOLDERS

We have identified our customers, investors, employees, business partners and suppliers, government agencies and the public as our 7 key stakeholder groups as they are materially affected by the business operations and we engage with them through various methods and channels, which are summarised in the table below.

We strive to build strong relationships with our stakeholders by engaging with them regularly to gather feedback and address any concerns they may have. With the valuable insights gained through our stakeholder interactions, we identify opportunities for improvement and to refine our sustainability approach. In terms of sustainability, added emphasis is placed for projects in environmentally sensitive locations i.e., OBS at Coney Island. We enlisted an Environmental, Social, Governance (ESG) Specialist cum Environmental Control Officer for the project site. This allows us to implement initiatives for environmental and biodiversity protection such as relocation of entrapped wildlife and providing biodiversity training to the workers on site.

SUSTAINABILITY REPORT

Stakeholder	Engagement Methods	Frequency
Customers	• Customer surveys • Regular dialogues, briefings and debriefings • Video conferences and face-to-face meetings with SMM in place	• Throughout the year
Investors	• Financial results and announcements • Business developments, press releases, and other relevant disclosures via SGXNet and website • Annual General Meeting	• Half-Yearly • Throughout the year • Annually
Employees	• Employee satisfaction survey • Video conferences and face-to-face meetings with SMM in place	• Annually
Business Partners, Sub-contractors, Suppliers	• Project co-ordination meetings with the Project Team, EHS, Sub-contractors, and Suppliers (when required) via video conferences and face-to-face meetings with SMM in place	• Weekly
Government Agencies	• Meetings with government agencies on specific topics • Industry representatives at best practice forums • Video conferences and face-to-face meetings with SMM in place	• Whenever required
Community	• Public notices and updates of critical activities to the neighbourhood and community • Community outreach • Management Corporation Strata Title (MCST) engagement • Town Council meetings	• Throughout the year
Nature Group	• Engage communities for the conservation of Singapore's natural heritage • Connect, educate, and inspire diverse communities to actively conserve and celebrate our natural heritage • Nurture and form partnerships to achieve better biodiversity and social outcomes	• Whenever required

DATA MANAGEMENT

For our project construction sites, prefabricated yards and storage facilities the Projects Department oversees the collection of data. The collection of data is decentralised across the various projects. i.e., the project team responsible for a particular project manages the data collection and documentation process for the project. For the three properties owned by Tiong Seng, the Facilities Management team collects ESG data as they are responsible for the upkeep and management of the buildings.

After reviewing consumption data from project sites and offices the Senior Management along with the Employee Health Safety (EHS) department, the Project teams and the Finance department jointly set targets to ensure sustainable business operations. We obtain inputs from our digital dashboard that tracks year-on-year consumption across projects to facilitate informed decision making.

Following this the Management team in collaboration with the various Project teams decides initiatives to introduce to achieve the sustainability targets set for the coming year. Policies with regards to human capital management require approval from the Management as well as the EXCO committee.

Targets and Key Performance Indicators (KPIs) set are endorsed by the RESG Committee. Setting of targets and KPIs is an ongoing journey, and we aim to set realistic targets to push the organisation to work and progress together as one.

TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES

According to the latest Intergovernmental Panel on Climate Change report[1], the impact of climate change can be felt globally. It is important for us to increase our climate ambitions. Tiong Seng understands the impact that climate change has on our operations and aims to enhance our understanding of risks and opportunities. With better awareness we can place more emphasis on climate change by responding to climate risks and taking climate action.

We aim to be a premier ESG Built Environment organisation by infusing ESG into the Tiong Seng DNA. To achieve this, we must measure and benchmark their ESG performances so that improvements can be made progressively. One of the ways that we can combat climate change is through active collaboration and partnership with stakeholders. This is essential as synergies can be created to improve sustainability performance and allows us to tackle sustainability related issues together with the stakeholders. We will continue to invest in ESG to create new business opportunities and capabilities to stay competitive and sustainable.

This section of the report is our first step towards the adoption of the Taskforce for Climate-related Financial Disclosure ("TCFD"). It aligns with the recommendations set out by TCFD's four pillars and outlines the physical and transitional climate risks that we may face in our operations. This is also in line with SGX's Reporting Guide Practice Note 7.6 and the phased approach to TCFD adoption.

As we continue to stay committed to our sustainability journey, we will roll out initiatives and programmes which are centred on the 4Ps framework (People, Planet, Profit and Partnership) to enhance our ESG performance. In October 2022, we set up a Risk and ESG (RESG) committee as a progressive step to better capture ESG-related opportunities. The RESG committee will be setting the strategic direction of the Group, monitoring our sustainability performance and the oversight of sustainability-related matters within the Group.

1 Climate Change 2021: The Physical Science Basis | Climate Change 2021: The Physical Science Basis (ipcc.ch)

SUSTAINABILITY REPORT

We will continue to integrate climate-related risks into our business strategy and take a proactive approach in engaging internal stakeholders. This will allow us to identify the climate-related risks and opportunities and the impact that it may have on our business operations and planning. In the first-year adoption of TCFD, we have assessed the risks and opportunities that we may face as given below:

Climate-related Risks (Physical and Transition risks)	
Type of Physical Risks	**Potential Impact on Tiong Seng**
Acute physical risks (floods and hurricanes)	We may face potential disruptions on site that may come in the following forms: • Safety Hazards (for example: wet surfaces and water damage on equipment and vehicles) • Delays on planned work schedules (for example: additional scope of work required for infrastructure damages) • Compliance issues (for example: potential breeding ground for mosquitos) These disruptions may lead to additional operational costs incurred.
Acute physical risks (wildfires and droughts)	We may face potential disruptions on site that may come in the following forms: • Safety Hazards (for example: on-site workers facing higher risk of heat injuries and heatstroke) • Delays on planned work schedules (for example: potential overheating leading to more cooling or cool down time for equipment on site) • Quality-related issues (for example: significant changes to temperature may impact curing of concrete and structural issues such as cracks in projects) These disruptions may lead to additional operational costs incurred.
Chronic physical risks (extreme heat and changes to precipitation patterns)	We may face potential disruptions on site that may come in the following forms: • Safety Hazards (for example: on-site workers facing higher risk of heat injuries and heatstroke, wet surfaces and water damage on equipment and vehicles) • Delays on planned work schedules (for example: unsuitable weather conditions for work to continue) For existing infrastructures, there may be enhanced wear and tears leading to more maintenance and repairs required. These disruptions may lead to additional operational costs incurred.
Type of Transition Risks	**Potential Impact on Tiong Seng**
Increase in raw material costs	An increase in raw material costs may result in tighter profitability margins or a loss-making position from older contracts. We may incur additional product costs from the supply chain logistics.
Consumers' preference for greener products and services	Greener construction methodology will have to be adopted, leading to sourcing for greener equipment and raw materials. This will result in additional costs incurred on capital expenditures, training costs to operate the equipment as well as opportunity costs.
Increase in digitalisation and technology	We may face risks when employees are not able to stay up to date on IT software and programmes. There will be additional data risks with greater dependencies on cloud data storage and network such as data breaches, data loss, data manipulation and data exposure.

Climate-related Opportunities	
Type of Opportunities	**Potential impact on Tiong Seng**
Energy consumption and efficiency	We will continue to work with industry partners and institutions to understand the energy developments and look into integrating the developments and energy solutions into our energy policy and energy management process. With tangible solutions implemented, we aim to improve our overall energy efficiency and lower the energy costs. We have also been exploring renewable solar energy solutions as a form of alternative energy and will continue to expand in this regard.
Stakeholders' communications	The RESG Committee will continue to engage its stakeholder groups and communicate our sustainability commitment to them in hopes of influencing the stakeholders to be more sustainable. Communication is done via regular meetings, external partnerships, working committees and conservation efforts partnership with other hospitality players.
Supply chain policy	We have begun incorporating sustainable elements and considerations into procurement policy and we will continue to enhance our supply chain policy to lower logistic costs and to make the supply chain more sustainable.
Sustainable finance	With demands for greener projects, we will strive to obtain green financing such as Sustainability-Linked Loans to lower the cost of borrowing.

We will continue to monitor the climate-related risks and opportunities on an annual basis and try to mitigate the risk exposure whilst tapping on potential opportunities. In FY2022, we have started to develop our Carbon Inventory (Scope 1 and Scope 2) and intend to develop Scope 3 inventory in the coming years. Additionally, we will progressively set more quantitative goals and GHG reduction targets as part of our decarbonisation efforts.

ENERGY, EMISSIONS AND POLLUTION

WHY IT MATTERS

Climate risks have become increasingly important for Tiong Seng's operations. Buildings account for over 20% of Singapore's carbon emissions and the Building Construction Authority (BCA) along with the Singapore Green Building Council (SGBC) is pushing for environmental sustainability in buildings[2]. We are taking initiative to contribute to climate change mitigation by reducing greenhouse gas (GHG) emissions and adopting sustainable business practices such as renewable energy projects which improve our energy efficiency and contribute towards greener buildings.

OUR APPROACH

We have committed to a decarbonisation pledge under SGBC to reinforce ourselves as an environmentally conscious builder and to contribute to the acceleration of the industry towards net-zero.

2 https://www1.bca.gov.sg/docs/default-source/docs-corp-buildsg/sustainability/sgbmp-engagement-report_final_v1-1.pdf?sfvrsn=512c885c_0

SUSTAINABILITY REPORT

CONTRACT AND PROCUREMENT

We have existing processes in place to look out for qualified subcontractors and vendors in areas of green certifications and green products. This is in compliance with the government's mandate for responsible procurement and a push for green buildings and solutions such as Green Concrete and Low Carbon Concrete. We have integrated this into our business by taking the following steps:

1. The integration of environmental issues into contractual clauses.
2. Awareness and training of employees in charge of procurement.
3. Raising awareness for suppliers to comply to specific green requirements and KPIs.
4. Non-compliance procedures for suppliers such as re-auditing, re-training and eventual cessation of contracts.
5. Implementation of an Early Contractor Involvement in Project Tender Stages to better understand the project requirements so that it can be value engineered to be greener. Occasionally, we will include subcontractors and suppliers to better strategize, plan and deliver on our green performance.

We are procuring and using low formaldehyde products for all our operations and in the supply chain. This pledge is part of the Alliance for Action on Sustainability Spaces, initiated by the Singapore Business Federation and supported by SGBC, to limit emissions and improve wellness and quality of living. We have plans to gradually do away with all formaldehyde products in our production process.

SUSTAINABLE INNOVATION AND INITIATIVES

We pride ourselves on being a pioneer of possibilities. This is largely achieved through our large suite of construction equipment and expertise in Design for Manufacturing and Assembly (DfMA). We have expertise across solutions such as Prefabricated Prefinished Volumetric Construction (PPVC), Prefabricated Bathroom Units (PBU), Mass Engineered Timber (MET), Structural Steel and Light Gauge Steel (LGS). All these modular solutions are aligned towards BCA's move to make construction more productive, greener, and less pollutive by reducing the amount of waste generated.

Currently, we are looking to transition to cleaner and greener sources of energy and are in the process of replacing all diesel-powered generators with battery-powered ones by Enertainer for our project sites. We are also planning to install renewable Solar Photovoltaic panels in our owned facilities and buildings to reduce our energy consumption.

Out of Tiong Seng's three owned Properties, two of them are certified Green Mark Platinum-Tiong Seng Building and Tiong Seng Prefab Hub. Tiong Seng Building extensively uses sensors for lighting control and has a Chambermaxx Rainwater recycling system. The building was constructed using green construction methods and materials such as Cobiax voided slab technology and PBU to reduce unnecessary concrete and the dead weight of building.

We have done a life cycle assessment for 3 of our projects namely, OBS Singapore, Club Street Hotel and Midtown Modern. The study adopted BCA's Carbon Calculator and incorporated Scope 1 and 2 emissions factors. Construction materials were also accounted for in the study. To facilitate this, we have collaborated with Singapore Institute of Technology (SIT) to authenticate our carbon accounting methodology. Assumptions and approaches used in the studies were compared with industry practices. The studies were completed in October 2022, where our data collection approach and emissions factors used were certified and areas for improvement were highlighted to us.

In 2022, we have also acquired AMP Systems, an M&E subcontractor, with the intention to further the Group's green interests for our new developments and existing building works.

SUSTAINABILITY REPORT

SOLAR ROOFTOP SYSTEM AT TIONG SENG BUILDING

This year, we have entered a 15-year Power Purchase Agreement (PPA) with Sembcorp for Tiong Seng Building. The solar panel installation at the rooftop of the building will generate over 222,360kWh of electricity annually. The system was commissioned in last quarter of 2022 and the Solar PV system is now active. We are currently exploring the feasibility of a similar project at our Prefab Hub.

ENERGY SAVINGS & GREEN LABEL APPLIANCES

We will continue to use various energy friendly initiatives such as the use of battery-operated tools on site, reducing non-essential use of lighting and air-conditioning after office hours and operating lightings and air-conditioning with sensors incorporated. Solar energy is deployed on our noise monitoring devices and Total Suspending Solid (TSS) monitoring systems. We will continue the adoption of soil nailing practices, which reduces concreting and accordingly, the number of trips taken by the concrete truck. Besides this, we have launched a new initiative which requires us to select Energy Label Appliances for new appliances with 5 ticks low electricity consumption for new projects.

OUR PERFORMANCE[3]

We have collected data for our diesel consumption at our construction sites and electricity consumption at our construction sites and offices which have been presented in the tables below. We are also tracking our Scope 1 and 2 emissions.

Dust and exhaust gas generated in our operations pose a threat to the health of workers on site and compromise the air quality of surrounding areas. We utilise an auto water spraying system using run-off water collected to wet the road to reduce residual dust from moving site vehicles. We also recognise that noise and vibration generated by tools and machines during construction activities can have significant health effects. Hence, various measures have been taken to manage and reduce air and noise pollution from our operations to safeguard the health of our workers and surrounding communities. In addition, we comply with the National Environment Agency (NEA)'s regulations and industry standards to improve air quality and to protect the environment by using instrumentation devices to measure and monitor defined parameters of air quality and noise emission.

We also ensure that the Pollutant Standards Index (PSI) reading remain below 50 and the average noise level is kept below 75 dB(A) during the day (7am to 7pm) and below 55 dB(A) at night (7pm to 10pm), at applicable sites.

DIESEL CONSUMPTION

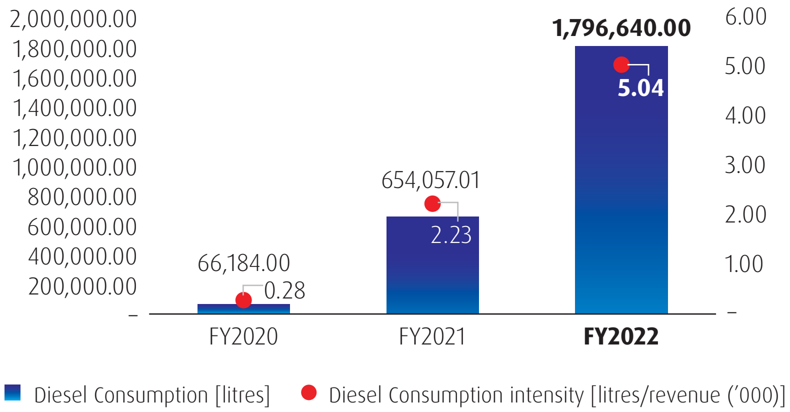
The table below shows our diesel consumption data for FY2022. Our current Diesel Consumption intensity is 5.04 litres/revenue ('000) as compared to 2.23 litres/revenue ('000) last year. Moving forward, we will be reporting the intensity ratios using the denominator-revenue ('000) to ensure consistency. This is due to the different phases of construction resulting in fluctuating activity level and resources consumed. The change in denominator to revenue will allow us to facilitate better comparisons of our resource consumption and efficiency rates.

3 From this year onwards, we will use revenue ('000) as the denominator for intensity ratios and target setting. Our performance data this year has been calculated using that. However, we have compared our data using the targets set in previous years to check if we were able to meet them.

SUSTAINABILITY REPORT

The rise in diesel consumption was mainly driven by OBS on-site consumption as 100% of the electricity required for the project was generated by diesel generators. Due to the project location constraints of the site, the maximum power that we can draw from the grid is only 63 amp, which is insufficient for built works to be sustained. As a result, secondary generators were adopted primarily, to support the operations. From this year onwards we will be including all our construction projects in the reporting scope which has significantly increased the number of projects reported from last year leading to higher consumption data as well. Despite this, we were able achieve our previous target of 6 litres/m².

Diesel Consumption

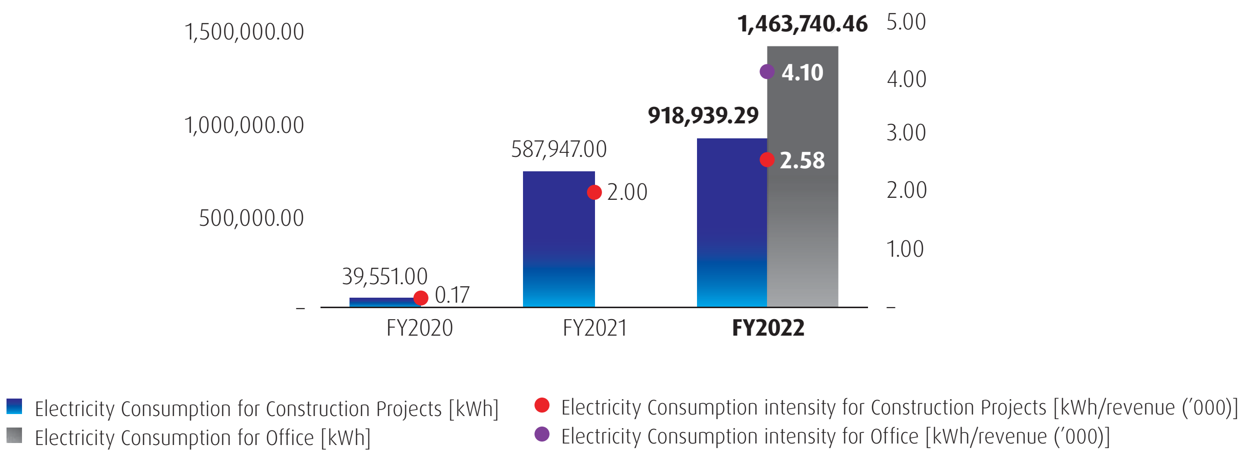


1. FY2020 diesel consumption data only includes CH19 and JTC AMK.
2. FY2021 diesel consumption data includes CH19, JTC AMK, PB19, TQL, HL20 and OBS.

ELECTRICITY CONSUMPTION

The table below shows our electricity consumption for FY2022. Our electricity intensity is 2.58 kWh/revenue ('000) in FY2022 for Construction projects as compared to 2.00 kWh/revenue ('000) last year. This is a 29% increase in electricity consumption intensity. This is due to the easing of the pandemic measures leading to an increase in construction activities in 2022. We were able to achieve our target set in FY2021 to keep our electricity intensity to less than 10 kWh/m² of project GFA in FY2022. There is no consumption of electricity at OBS as diesel generators are used to generate electricity. This is also the first year that we have included and disclosed the electricity consumption in our offices.

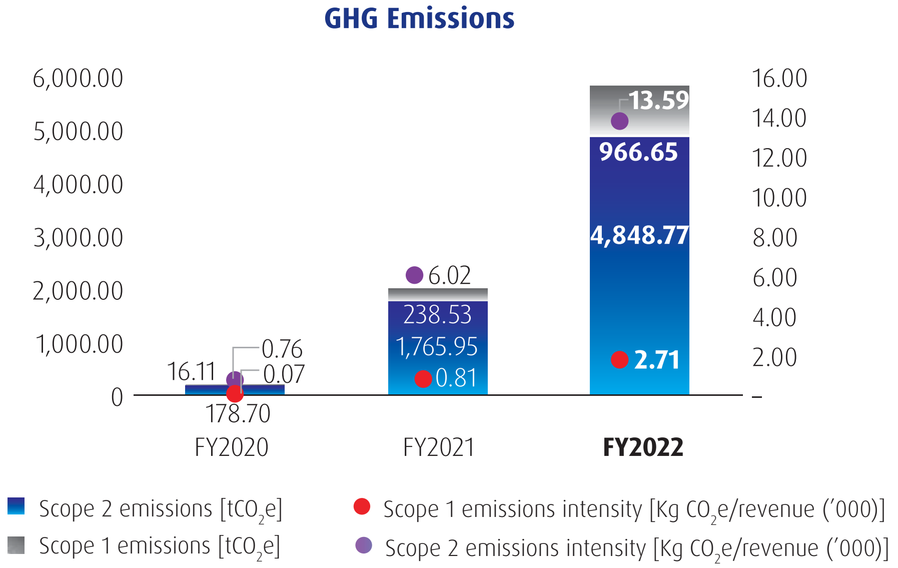
Electricity Consumption



1. FY2020 electricity consumption data only includes CH19 and JTC AMK.
2. FY2021 electricity consumption data includes CH19, JTC AMK, PB19, TQL and HL20.

GHG EMISSIONS

We have been collecting emissions data for our construction projects and offices mentioned in the reporting scope. For FY2022 we have increased the scope of our report and have included all our construction projects in Singapore for Scope 1 and Scope 2 emissions. We have also included electricity consumption from all our offices in our Scope 2 emissions.



	FY2020	FY2021	FY2022
Scope 1 emissions [tCO_2e]	178.70	1,765.95	**4,848.77**
Scope 1 emissions intensity [Kg CO_2e/revenue ('000)]	0.76	6.02	**13.59**
Scope 2 emissions (location-based) [tCO_2e]	16.11	238.53	**966.65**
Scope 2 emissions intensity [Kg CO_2e/revenue ('000)]	0.07	0.81	**2.71**

1. FY2020 emissions data only includes CH19 and JTC AMK.
2. FY2021 emissions data includes CH19, JTC AMK, PB19, TQL, HL20 and OBS.
3 Scope 1 consists of emissions from fuel combustion. Emissions factors were derived from the UK Department for Environment, Food and Rural Affairs (DEFRA) environmental reporting guidelines. Scope 2 consists of emissions from purchased electricity. The emissions factors were derived from Energy Market Authority (Singapore).

OUR TARGETS IN FY2023[4]

- To achieve 5% decrease relative to FY2022 performance.

4 Resource consumption may vary subject to the nature of the projects included in the report scope as well as the impacts of the COVID-19 pandemic. Nevertheless, we intend to continue our efforts on responsible resource management and will continue to explore resource efficiency improvements.

SUSTAINABILITY REPORT

WATER & EFFLUENTS

WHY IT MATTERS

Singapore's total water demand is expected to double by 2060, with the non-domestic sector accounting for 70% of Singapore's water demand according to PUB9F[5]. High levels of water use may put significant strains on water resources and result in wastewater pollution that could compromise important ecosystem services and affect the quality of life. In water-scarce Singapore, the consequences can be severe as the threat to water security could be further exacerbated by the impacts of climate change. As a builder, Tiong Seng has a significant role to play in ensuring sustainable water use.

OUR APPROACH

At Tiong Seng, we realise the importance of clean water and reduce our water consumption and utilisation by using water-saving features, increasing our efforts to use recycled water where possible and monitoring our consumption.

Similarly, effluents must be disposed properly, especially where substantial quantities of chemicals and nutrients (principally nitrogen, phosphorous, or potassium) are present. Failing to do so will affect water quality and in turn negatively impact the ocean's biodiversity and aquatic ecosystems. Tiong Seng strives to ensure proper management and disposal of effluents by conducting regular testing of water discharged and complying with discharge quality standards. TSS Meters have been installed at the water discharge points to monitor the quality of water discharged into public drains. The monitoring is conducted using closed-circuit television (CCTV) footage and readings obtained from the TSS Meters.

RECYCLED WATER BEING USED FOR ECO FRIENDLY PLANTS/GARDEN AT PREFABRICATED DORM

To support Singapore Government's efforts to conserve water and to minimise water wastage, water recycling plants are installed at each of our project sites. These water recycling plants use filtration systems to recycle collected rainwater and site run-offs. The filtered water is used for construction purpose, cleaning of construction vehicles, flushing of toilets and watering the Green Wall.

AUTO WATER SPRAYING SYSTEM

We have reduced water consumption at our project sites by using NEWater site recycled water and run-off water in our Auto Water Spraying System to wash road for dust control in lieu of potable water. Push-button water taps in toilets further reduce water consumption in our facilities.

OUR PERFORMANCE[6]

For FY2022, our water consumption intensity decreased by 37% as compared to FY2021 as the projects were in a different phase of construction as compared to last year and we undertook several measures to reduce our water consumption. We were able to meet the target set in FY2021 and our water consumption per revenue ('000) is 0.21 m^3/revenue ('000). For our offices the water consumption has been stable over the last three years.

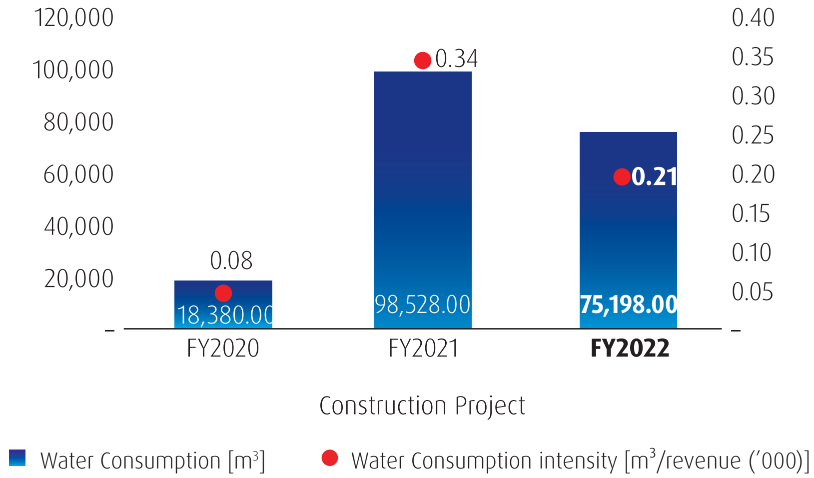
We have taken steps to reduce water consumption such as rainwater collection and recycling at our project sites. The collected water is used for cleaning of vehicles and at shoe wash points at the site. We have also introduced water efficient fittings in the temporary bathrooms installed on site such as dual flush, and water basins with auto-off taps. The water consumption data is extracted from PUB invoices and is tracked by the management via our digital dashboards.

5 Source: https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf

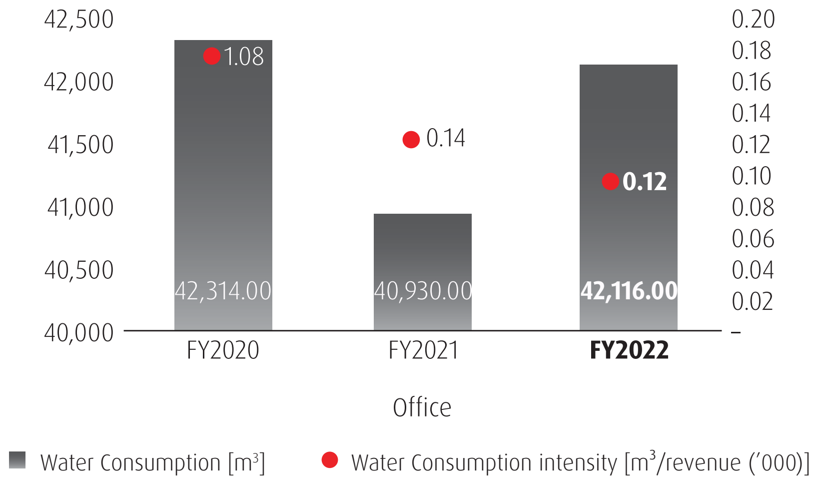
6 From this year onwards, we will use revenue ('000) as the denominator for intensity ratios and target setting. Our performance data this year has been calculated using that. However, we have compared our data using the targets set in previous years to check if we were able to meet them.

SUSTAINABILITY REPORT

Water Consumption for Construction Project



Water Consumption for Office



1. FY2020 water consumption data only includes CH19 and JTC AMK.
2. FY2021 water consumption data only includes CH19, JTC AMK, PB19, TQL, HL20 and OBS.

OUR TARGETS IN FY2023

- To achieve 5% decrease relative to FY2022 performance.

SUSTAINABILITY REPORT

WASTE

WHY IT MATTERS

Construction activities may generate large amounts of waste which put a strain on our natural resources and can lead to environmental degradation. Proper waste management is necessary to avoid air, water and soil pollution, which pose a threat to human health and the environment.

OUR APPROACH

Tiong Seng ensures proper waste management by following the Environmental Management System ISO 14001:2015 with the concept of Plan-Do-Check-Act (PDCA) which requires us to:

1. Plan: establish waste management objectives and processes necessary to deliver results in accordance with the organisation's management of waste policy.
2. Do: implement the processes as planned.
3. Check: monitor and measure processes against the waste management policy, including its commitments, objectives and operating criteria and report the results.
4. Act: take actions to continually improve on performance.

Based on our robust framework to reduce, reuse and recycle the construction waste generated from our operations, we closely monitor the quantity and composition of the waste being generated. Separate waste bins are placed at our construction sites for the collection of various waste types – general construction waste, timber, plywood, scrap metal and food waste. Additionally, to monitor and improve our waste management performance, vehicles carrying waste are weighed at the work site's weighing bridge before they leave for the respective disposal sites.

We continue to work with NEA-licenced waste collectors to ensure that the waste generated is properly disposed of. Our waste management performance is tracked on a regular basis through monthly reviews and data submitted to the BCA each year under the Green and Gracious Builder Scheme. Apart from this on a project level, there is an extensive recycling programme for components such as timber waste, paint cans and other metal waste.

PREFABRICATED PREFINISHED VOLUMETRIC CONSTRUCTION (PPVC)

We have heavily invested in DfMA processes which increases construction productivity through process automation in an offsite controlled environment, with a higher level of Quality Assurance and Quality Check (QAQC). This improves workmanship quality and reduces the need for reworks. DfMA solutions have been heavily used in projects such as Midtown Modern, Club Street Hotel and Outward Bound Singapore.

We have also employed the use of 3D Building Information Modelling. This software, traditionally used for architecture, infrastructure and construction designs, adopts data rich Computer Aided Designs to improve building design and planning. It is also used as a visualisation tool for communication so that all parties involved are on the same page, mitigating misunderstandings and reworks. A further integration was done by embedding project costing component and scheduling data into the models, enhancing its utility. The use of Integrated Digital Delivery and Digital Twin has mitigated waste generation at our project sites.

DUO SYSTEM FORMWORK (DUO)

We incorporated reusable advanced formwork systems in our operations from 2010. This negated the need for traditional timber and wooden formwork systems, which have a short lifespan and generate a lot of site wastage. We use reusable DUO System Formwork (DUO), wherever possible.

The DUO is characterised by its low weight and extremely simple handling. Its innovative concept requires minimal number of different system components. Walls, columns and slabs can be easily and efficiently adopted. Almost all operations with DUO can be carried out without tools and the working steps are easy to understand which allow us to finish the formwork faster. Another advantage of using DUO is its ability to reduce pollution at the construction site – an important aspect of inner-city construction sites.

SUSTAINABILITY REPORT

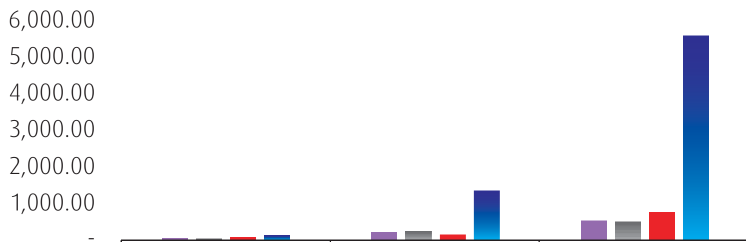
OUR PERFORMANCE[6]

We determine the usage of our products in the upstream cycle at the Procurement stage. We believe that the quantity of products procured ultimately translate to the amount that is used at the project site. This eliminates the inaccuracy of information since our sites do not have a dedicated disposal bin for the different types of waste or have the facility and equipment to measure the waste accurately. The data given in the tables below have been taken from invoices provided by the Procurement department.

We were able to meet our waste generated per GFA targets for Timber, and Plywood but we could not meet the targets for Scrap Metal and General Construction waste because we expanded our scope of reporting this year to include more projects and with the decrease in Covid-19 safe measures, we also scaled up our operations.

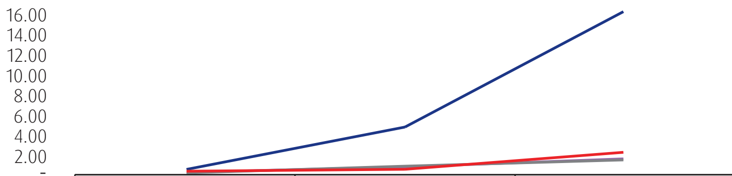
We will be monitoring the waste generated via our digital dashboards and have taken steps to reduce, reuse and recycle construction site office waste such as paper, wooden pallets, cardboard, and mesh barricades. Standalone rebars no longer in use are also repurposed for different functions e.g., cable stands.

Waste Generated [metric ton]



	FY2020	FY2021	**FY2022**
Plywood	36.46	197.48	**502.79**
Timber	22.55	214.13	**465.88**
Scrap Metal	61.42	130.37	**720.87**
General Construction Waste	102.42	1,281.79	**5,392.47**

Waste Generated intensity [Kg/revenue ('000)]



	FY2020	FY2021	**FY2022**
Plywood	0.15	0.67	**1.41**
Timber	0.10	0.73	**1.31**
Scrap Metal	0.26	0.44	**2.02**
General Construction Waste	0.43	4.37	**15.11**

1. FY2020 waste generated data only includes CH19 and JTC AMK.
2. FY2021 waste generated data includes CH19, JTC AMK, PB19, TQL, HL20 and OBS.

OUR TARGETS IN FY2023[7]

- To achieve 5% decrease relative to FY2022 performance.

7 From this year onwards, we will use revenue ('000) as the denominator for intensity ratios and target setting. Our performance data this year has been calculated using that. However, we have compared our data using the targets set in previous years to check if we were able to meet them.

HEALTH AND SAFETY

WHY IT MATTERS

At Tiong Seng, we are committed towards safeguarding the health and safety of our employees and sub-contractors. Our suppliers and sub-contractors play an important role in helping us deliver quality work as we rely on them for various construction and building materials as well as reliable and timely services for our operations. It is important to minimise the risk of illness or injury at the workplace to ensure the welfare of our employees, customers, and the community.

OUR APPROACH

Tiong Seng has an Occupational Health and Safety (OHS) policy in place, that is reviewed annually, to protect all employees against possible occupational risks and prevent accidents from happening in the workplace. Information on the OHS policy is provided to all employees and new employees are informed of the policy during the Quality, Environmental, and Occupational Health & Safety (QEHS) induction programme. We have taken various measures to prevent workplace injuries and fatalities, which include training, developing management plans and carrying out a weekly inspection of our sites. We also adopt the Design for Safe Construction (DfSC) principles in our projects and offer various training courses to our employees and contractors such as the Incident Blackbox Learning. In the learning workshops, simulations are given to the participants to train them to take a pre-emptive and proactive approach in mitigating risk occurrence in their course of work.

Amidst the COVID-19 pandemic, we monitored the situation closely and maintained close communications with all our employees, foreign workers and the relevant authorities. We continue to provide support to our workers to meet their needs and promote general well-being during the post-pandemic transition period.

Our Occupational Health and Safety Management System is certified under the ISO45001:2018 standard. The effectiveness of our system is reviewed by an external certification body on a yearly basis. As such, our hazard identification and risk assessment processes undergo constant review and improvement, in turn improving safety for our stakeholders.

EMPLOYEE HEALTH AND SAFETY

Various satellite Environment Health and Safety (EHS) training centres have been established at our project sites across Singapore to provide our onsite staff and workers, sub-contractor personnel and factory workers with specialised training relating to OHS requirements and best practices to raise environmental and OHS standards.

The training programme, which includes a mixture of classroom-based, practical training sessions and app-based activities, covers topics such as working height safety/scaffolding safety, electrical safety, lifting safety, excavation safety, hot-work safety, confined space safety, tunnel safety and good environmental practices. The classroom-based sessions are conducted via video conferencing and practical sessions are conducted with Safe Management Measures in place. We offer programmes such as TS DigiLearn and TS DigiGO that allow staff and workers to acquire safety knowledge through the Novade Mobile App. The app ensures that the workers are up to date on their safety knowledge through regular quizzes and safety lessons.

For new employees at our construction sites, the first-day Environment, Health and Safety induction programme provides an overview of the OHS policy implemented at Tiong Seng. The Corporate EHS team participates in virtual forums and seminars on a regular basis to keep abreast of the latest regulations and re-examines the existing OHS policy to ensure regulatory compliance. In 2021, we launched a new Person-in-Charge initiative to segregate the sites into different zones to monitor and eliminate work-related hazards and accidents. The initiative was successfully rolled out for all projects in 2022 which allowed different parties to step up and take ownership and accountability to ensure safety at the workplace.

We conduct mandatory daily toolbox meetings where safety updates and initiatives are shared for the day's activities. Safety supervisors are also required to apply for Permit to Work that needs to be acknowledged by an engineer and approved by the construction and project manager before workers can commence dangerous activities. This is currently done through our Novade Safety Platform. All onsite and offsite personnel are encouraged to use this platform to report good and bad safety observations.

SUSTAINABILITY REPORT

Our employees are encouraged to take part in safety initiatives, which include monthly EHS committee meetings, quarterly safety rewards, demonstrations, talks, and creating safety posters. In-person meetings are conducted in small groups with safe distancing measures in place and the duration of the meetings kept to a minimum. Each year, safety awards are presented to projects with the best safety record.

We carry out risk assessments meetings and safety inspections of machines and equipment once every 3 years to ensure that they are maintained and meet safety requirements. In addition, Construction Safety Audit Scoring System (ConSASS) audits are conducted every six months by external auditors, approved by MOM or Singapore Accreditation Council, to assess the welfare of the workers' quarters. Our Safe Management Officer also conducts inspections of toilet facilities on a regular basis.

2022 WORKPLACE SAFETY AND HEALTH (WSH) AWARDS CEREMONY

We are proud to announce that six of our projects received the Safety and Health Award Recognition for Projects ('SHARP') at the recent 2022 WSH Awards Ceremony. The prestigious ceremony, jointly organised by the WSH Council and the Ministry of Manpower saw a total of 235 companies and individuals being honoured for performing well in the areas of health and safety.This is the first time Tiong Seng has won 6 awards at the ceremony which cements our commitment to institutionalising safety at the workplace. The projects that won the awards have been mentioned in the Awards and Accreditations section earlier.

CHARGEHAND GROOMING CEREMONY – WORKPLACE SAFETY AND CONSTRUCTION EXCELLENCE

We have also resumed our annual tradition, the Chargehand Grooming Ceremony which was held in Safra Jurong in 2022. It was co-organised by our EHS and HR departments. The ceremony reinforces Tiong Seng's commitment to grooming a high performing and sustainable workforce. This year's celebration consisted of a segment on safety and health which is important to ensure the welfare of our workers. The segment consisted of workers from various project sites presenting best practices on different safety issues for example, in the Midtown Modern project, which extensively uses modular PPVC, workers need to ensure safety while hoisting the structure. Whereas, Outward Bound Singapore presented on logistics safety as they have frequent deliveries for their products. The event concluded with prizes for the most innovative team, as well as a lunch to celebrate the occasion.

SUB-CONTRACTOR HEALTH AND SAFETY

We strive to ensure the safety of our sub-contractors by creating a safe working environment at our construction sites and assessing the safety performance of our sub-contractors.

Tiong Seng's EHS policy and health and safety targets are provided to our sub-contractors before they commence work. Regular dialogues are held to allow our sub-contractors to share their concerns or issues relating to health and safety. Our sub-contractors are also provided with updates and information on incidents reported during our daily toolbox meetings and monthly EHS committee meetings conducted at all project sites.

We require all our contractors to have a minimum BizSAFE Level 3 certification and have achieved our 2022 target in this aspect. They are also required to participate in briefings relating to risk assessment and safe work procedures as well as training relevant to their work scope. We only engage new contractors who are not BizSAFE Level 3-certified if they can achieve the BizSAFE Level 3 certification within three months of the date of the new contract agreement.

All contractors (including our second and third tier suppliers) are encouraged to attain the Biz-SAFE-STAR status within two years of their Level 3 certification. Safety inspections and audits are carried out every six months to ensure that machines and equipment used by sub-contractors are in proper working condition.

Besides conducting an evaluation on each sub-contractor, we provide training to the members of their management team and share best safety practices with them.

SUSTAINABILITY REPORT

OUR PERFORMANCE

The main types of work-related injuries suffered by employees as well as workers who are not employees but whose work/workplace is controlled by the organisation were minor cuts and hand and finger injuries. Some of the high-consequence injuries were caused by slips and trips or sharp protruding objects and pinch points. We were able to ensure zero-fatalities at our workplace and maintain the workplace injury rate below the construction industry rate[8], but we were not able to meet our AFR targets from last year. Although the number of injuries for employees increased from FY2021, these injuries were minor and did not lead to any serious harm. We continue to only engage sub-contractors with a minimum of Bizsafe level 3 certification or those who intend to achieve this within three months of beginning work.

We continue to ensure a safe work environment for all our employees. To eliminate the hazards and reduce workplace injury risks we conduct risk assessments to identify the risk and control measures are implemented to mitigate the risk. There is comprehensive housekeeping to ensure that the flooring is stable and well maintained. Workers are reminded to wear proper mandatory PPE and monthly EHS trainings are conducted to refresh their safety knowledge. Zone in-charges review the site utilities plans and conduct daily toolbox meetings to ensure safety protocols are followed.

The tables below provide information on the number and rate of injury for all employees, employees whose work and/or workplace is controlled by the organisation and the Accident Frequency Rate.

Table 1. For all employees

	FY2020	FY2021	FY2022	Rate of injury based on man-hours		
				FY2020	FY2021	FY2022
Number of fatalities as a result of work-related injury	0	0	**0**	0	0	**0**
Number of high-consequence work-related injuries, excluding fatalities	0	0	**0**	0	0	**0**
Number of recordable work-related injuries	2	2	**5**	1.07	0.93	**1.73**
Number of hours worked	1,865,695	2,145,628	**2,890,198**			

Table 2. For all workers who are not employees but whose work and/or workplace is controlled by the organisation

	FY2020	FY2021	FY2022	Rate of injury based on man-hours		
				FY2020	FY2021	FY2022
Number of fatalities as a result of work-related injury	0	0	**0**	0	0	**0**
Number of high-consequence work-related injuries, excluding fatalities	0	0	**0**	0	0	**0**
Number of recordable work-related injuries	2	2	**2**	0.79	0.58	**0.46**
Number of hours worked	2,545,686	3,458,490	**4,356,235**			

8 https://www.mom.gov.sg/-/media/mom/documents/safety-health/reports-stats/wsh-national-statistics/wsh-report-2022-3q.pdf

Table 3. Accident Frequency Rate (No. of workplace Injuries/Total Man Hours worked)* 1,000,000 hours worked

	FY2020	FY2021	FY2022
No. of workplace Injuries	4	4	**7**
No. of hours worked	4,411,381	5,604,118	**7,246,433**
Accident Frequency Rate	0.91	0.71	**0.97**

OUR TARGETS IN FY2023

- To achieve 0.25-AFR.
- Zero fatalities.
- To achieve 5% decrease relative to FY2022 performance.

SUSTAINABILITY REPORT

HUMAN CAPITAL ASSETS

WHY IT MATTERS

Employees are the cornerstone of Tiong Seng. Employee welfare not only boosts employee morale but also retains talented individuals within the organisation which in turn promotes better work performance. As builders, we are highly dependent on the quality of our workforce and hence, it is essential for us to develop our human capital assets to remain competitive and meet the challenges in our business.

OUR APPROACH

We promote a sustainable work culture through employee well-being, training and development programmes, greater employment opportunities and by being an equal opportunities employer.

EMPLOYEE WELL-BEING PROGRAMME

We introduced the Employee Well-Being Programme which covers a series of initiatives to improve our workplace culture and relationships. To kick things off, we announced our first initiative: Creation of a Mental Health Week (MHW). Starting from 1 May 2022, staff were encouraged to take a week of leave to recover and rejuvenate. Under the MHW, staff who were on leave were encouraged to disconnect from work, and to reconnect with their mental health. This ensures that workers get proper rest and can come back with a refreshed mindset.

During the COVID-19 Pandemic, we did a Workplace Safety and Health (WSH) survey covering a wide scope of questions including employee mental wellbeing. It sought to better understand how employees are coping with the COVID-19 environment and their working arrangements.

We also conduct opinion surveys once every year. However, during the pandemic, there were more initiatives introduced by the Human Resources team to look after the psychological and mental wellbeing of staff and workers. Opinion surveys were designed to understand whether employees were coping well during quarantine, especially the dormitory workers, and whether sufficient support was given for staff working from home, especially S pass holders who live in rented apartments which often had inconducive work environments.

Our Facilities Management Department oversaw the upkeep of facilities for the Group. Measures were taken to ensure high standards of Indoor Air Quality (IAQ) and prompt sanitisation and isolation was ensured when a staff contracted covid.

We remain committed in promoting our employees well-being and provide hybrid, on-site and work from home arrangement for our employees., They are encouraged to utilise our gym facilities to maintain a healthy lifestyle.

TRAINING AND EDUCATION

At Tiong Seng, we provide various learning opportunities throughout our employees' careers to ensure that they develop the skills needed to perform their duties and drive excellence in operations and safety. We ensure that our workers are sent for Coretrade Training to equip them with specific skills they need and assist them to obtain certification for certain tasks and machinery. Along with that, Construction Safety Orientation is a compulsory WSH training course to ensure our workers have knowledge to work in a safe manner.

We have also offered our chargehands (i.e. worker leaders) opportunities to develop leadership skills through the Chargehand Grooming Programme. A comprehensive Scholarship Training Programme is put in place to hone the skills and build the careers of our scholars through an Immersion Programme, a Talent Development Programme and a Management Executive Programme. Our Undergraduate, Diploma and ITE Scholarship Sponsorship Programme offers scholarships to talented students undertaking tertiary education at local institutions. In addition, we have a Talent Management Programme to identify and retain talented employees and support their career progression from a worker to the supervisory level.

Despite the challenges faced in this post pandemic transition period, we continue to engage our staff through various means and initiatives to facilitate learning and innovation, maintain productivity and boost employee morale.

SUSTAINABILITY REPORT

DIVERSITY AND EQUAL OPPORTUNITY

We are committed to creating a work environment free from discrimination of race, sex/gender, religion, national origin, age, disability, genetic information, marital status, or any other classification protected by law. We seek to support women, minorities, veterans, and individuals with disabilities and strive to empower all our employees to reach their full potential. This enables us to access a diverse pool of talent and drive business growth. A diverse and inclusive workforce is crucial to the achievement of social and economic development goals for the nation.

We recruit and hire our employees based on merit, skills, and experience through fair selection processes. Every year, we conduct employee performance reviews in a fair and transparent manner to ensure fair and equal progression of all our employees. We also encourage our employees to expand their knowledge and gain cross-domain expertise by moving across project sites and business units. We promote internal mobility and offer our employees the opportunity to horizontally transfer to different teams as well.

INNOVATION DAY 2022

Tiong Seng's Innovation Day initiative has been a long-standing event in the company's annual calendar. The event, which was held on 9 April, focused on the Projects Department's Digitalization Vision. Representatives from Contracts, EHS, Formwork System Specialist Unit (FSSU) and Pylon joined us where 5 innovative apps and digital tools were launched.

Based on the vision to advance to a Construction 4.0-Ready Workforce within the next 3 years, we outlined 4 key directions to drive us forward:

1. ≥ 50% Onsite-Offsite Operations,
2. ≥ 50% of Work aided by Technology,
3. ≥ 50% of Data collected at Source, &
4. ≥ 50% Improvement in Work Productivity

Through this seminar, we were able to showcase our collaborative work to all our site colleagues as well as empower our project teams with the right tools for productive and collaborative work.

BEACH CLEAN-UP AT CONEY ISLAND

We have collaborated with Outward Bound Singapore Alumni, in organising the event which was held twice this year. The first event held on 19 March, involved the Public Hygiene Council whereby all participants came together to scour the beaches for waste, that included Styrofoam bits, old fishing nets, plastic bottles, and plastic bags. To conclude the event, the items were weighed and we succeeded in collecting 135Kg of waste. We were also able to share our company's ESG initiatives and project strategies implemented to preserve the precious flora and fauna on the island with the external volunteers.

The subsequent event was held on 17 September, in conjunction with World Clean Up Day. The event saw greater participation from both HQ and site staff, and together with the external students and volunteers we collected over 220Kg of coastline waste. The event helped us to keep our surroundings clean whilst meaningfully engaging with our employees outside of work.

SUSTAINABILITY REPORT

NUS BUILT ENVIRONMENT CASE COMPETITION 2022

We have also co-planned and sponsored the NUS Built Environment Case Competition for the third time. The event held on 30th July, saw 8 teams from various tertiary intuitions sharing potential solutions revolving around Sustainability, Productivity and Workplace Safety. Representatives from Tiong Seng shared their ideas to help the participants visualise how their solutions can be implemented, bridging the gap between theoretical knowledge and real world application. We look forward to playing a bigger role in spearheading sustainability in the Built Environment in the coming years.

PARTNERS FOR THE BUILT ENVIRONMENT ACCELERATED TO MARKET PROGRAMME (BEAMP) CYCLE 3

BEAMP, an initiative by BCA, Enterprise Singapore and JTC Corporation is a platform for innovators and Built Environment industry players to collaborate and solve key challenges through accelerated product and market development. We are proud to be one of the few firms shortlisted with the Proof-of-Concept (POC) development for a Robotic Additive Manufacturing (RAM) Solution – 3D Printing of Bespoke Building Components. As a part of this partnership, we engaged with industry players to develop a complete suite of solutions, integrating toolpath auto-generating software and the control of 6-axis robotic arm together with extruder system. The final deliverable was able to attain highly flexible movement, with precision, to produce aesthetically complex and bespoke forms. Even in its infancy, moulds (700mm width x 510mm tall) can be 3D-printed in 90 minutes using bio-degradable, recyclable tech-polymers in pellets form, a first-of-its-kind Robotic Additive Manufacturing solution in Singapore. This opens the opportunity for 3D printing to be potentially widespread in the Built Environment moving forward. We were able to collaborate closely with both industry players and external innovative tech firms towards the collective uplifting and growth of the industry.

OUR PERFORMANCE[8]

With the opening up of the economy after the COVID-19 pandemic we scaled our operations and also expanded our workforce rapidly. As a result we were unable to achieve our target of average 40 hours of training per year per employee. We will continue to encourage our employees to undergo training for their safety and to develop their skills.

Our monthly turnover rate for 2022 is 2.81% and we were unable to meet our target.

1. Total number of employees in FY2022

	Female	Male	Total
No. of full-time employees	132	1,559	1,691
No. of part-time employees	0	0	0
Total number of employees	**132**	**1,559**	**1,691**

2. Total number of new hires – by gender

	FY2020	FY2021	FY2022	
	Number of new hires			Percentage
Male	95	445	**944**	**95%**
Female	12	61	**53**	**5%**
Total	107	506	**997**	**100%**
Total number of employees	1,109	1,264	**1,691**	**59%**

8 Employee training hours and turnover rate may vary subject to the impacts of the COVID-19 pandemic. Nevertheless, we intend to continue our efforts on fair employment practices and employee development.

3. Total number of new hires – by age

	FY2020	FY2021	FY2022	
	Number of new hires			Percentage
Under 30 years old	22	86	**400**	**40%**
30-50 years old	75	361	**568**	**57%**
Over 50 years old	10	59	**29**	**3%**
Total	107	506	**997**	**100%**
Total number of employees	1,109	1,264	**1,691**	**59%**

4. Total number of turnover – by gender

	FY2020	FY2021	FY2022	
	Number of people who left			Percentage
Male	2	294	**513**	**90%**
Female	0	57	**57**	**10%**
Total	2	351	**570**	**100%**
Total number of employees	1,109	1,264	**1,691**	**34%**

5. Total number of turnover – by age

	FY2020	FY2021	FY2022	
	Number of people who left			Percentage
Under 30 years old	0	61	**102**	**18%**
30-50 years old	2	240	**418**	**73%**
Over 50 years old	0	50	**50**	**9%**
Total	2	351	**570**	**100%**
Total number of employees	1,109	1,264	**1,691**	**34%**

SUSTAINABILITY REPORT

6. Average training hours per employee – by gender

Gender	FY2020	FY2021	FY2022
	Number of hours		
All male employees	2.26	9.17	**7.02**
Male employees who went for training	10.10	14.91	**20.81**
All female employees	0.09	1.49	**1.08**
Female employees who went for training	3.00	14.43	**20.29**
Total for all employees	2.01	8.35	**6.56**
Total for all employees who went for training	9.98	14.90	**20.80**

7. Average training hours per employee – by employee category

Employee category	FY2020	FY2021	FY2022
	Number of hours		
All workers	2.78	12.27	**8.16**
Workers who went for training	11.53	15.02	**20.67**
All staff	1.05	2.65	**2.36**
Staff who went for training	6.91	14.12	**22.08**
Total for all employees	2.01	8.35	**6.56**
Total for all employees who went for training	9.98	14.90	**20.80**

OUR TARGETS IN FY2023

- To achieve 5% decrease relative to FY2022 performance.
- Employee training hours – Achieve at least an average of 40 hours per year per employee.
- Limit monthly turnover rate to 2.50%.

LOCAL COMMUNITY

WHY IT MATTERS

Being in the Built Environment, Tiong Seng's operations and activities can be disruptive in nature. At times, construction can disrupt the daily lives of the local community. The built environment is a multi-faceted business which brings together different stakeholders to mitigate the negative effects of our operations and help expand our positive impact.

OUR APPROACH

We recognise that local communities benefit from the provision of upgraded facilities and housing but may be affected by noise and other environmental impacts originating from our construction activities. Therefore, we have introduced initiatives to support our local community.

CUSTOMER ENGAGEMENT

We have arranged annual customer satisfaction survey to garner feedback from them. The feedback is read and recommendations are made to ensure continuous improvement. The frequency of engagement varies across projects. For example, OBS, an environmentally sensitive project, required greater compliance to international standards for preserving the natural flora and fauna, while limiting disruptions prior to and during project execution. For this project we regularly engaged with environmental groups and agencies.

Projects near housing estates, such as Cairnhill 16, Sloane Residences and Hyll on Holland conducted frequent engagement sessions with the public to ensure noise, dust and safety disruptions were minimal.

SAFETY AROUND OUR SITES

We are committed to protecting the safety and comfort of local communities by implementing EHS policies that ensure their welfare. A 24-hour hotline is in place for local communities to provide feedback on unsafe practices, noise pollution and other disturbances. We have improved our signages by including multiple languages for workers to understand.

SOCIAL RESPONSIBILITY

Our involvement in the local communities enables us to identify and channel our efforts to address local needs and concerns. We strive to address those needs by focusing on philanthropic activities, which include scholarships and bursaries to talented students at Ngee Ann, Nanyang and Singapore Polytechnics, BCA Academy, Institute of Technical Education (ITE), Nanyang Technological University (NTU), National University of Singapore (NUS) and the Singapore Institute of Technology (SIT). Through the 'Tiong Seng Bursary', we provide deserving and financially disadvantaged students an opportunity to pursue a full-time undergraduate degree programme in engineering at SIT. The bursary covers the recipient's educational expenses and fees for educational activities organised by the institute.

During the year, we contributed to trade organisations such as The International Built Environment Week (IBEW) which is organised by BCA International, a wholly owned subsidiary of the Building and Construction Authority, in partnership with Reed Exhibitions Singapore, and supported by 12 Trade Associations and Chambers.

We continue to work with our banking partner on the Value Chain Financing (VCF) scheme for our strategic subcontractors and suppliers, which was kickstarted in 2021. In this VCF scheme, the bank will do a holistic assessment of the financing needs of each firm within the projects' value chain and work out a financing program for them.

We seek to build good relationships within the real estate development community and the public by sharing our experiences at virtual industry events, forums and learning initiatives. By sharing our expertise, we hope to do our part in developing and increasing the talent pool in the construction industry.

SUSTAINABILITY REPORT

OUR PERFORMANCE

In 2022, we contributed donations towards the SIT bursary which has benefitted 5 SIT students who may otherwise not have the financial means to attend university. We have also awarded 1 scholarship in 2022. We will continue to do our part to encourage eligible candidates to pursue academic excellence.

OUR TARGETS IN FY2023

- To provide 5 SIT Bursaries.
- To provide 3 Scholarship.

ANTI-CORRUPTION

WHY IT MATTERS

At Tiong Seng, we are committed to complying with all relevant local laws and regulations relating to building standards and the environment to safeguard our interests and the interests of our stakeholders.

OUR APPROACH

We keep abreast with the latest development in law and regulation by sending our employees to attend webinars and virtual forums on a regular basis. Where necessary, we also engage with the various authorities to have a better understanding and interpretation of the applicable laws and regulations. Regular on-site checks are conducted to ensure all facilities are compliant with the relevant regulations, including health and safety regulations.

Employees have to renew their employment contract every 2 years which includes company code of ethics and conduct governing their business behaviour and conflict of interest. Tiong Seng has the following policies in place to ensure that employees conduct business ethically:

- Whistle Blowing Policy
- Insider Trading Policy
- Gift Policy
- Conflict of Interests Policy
- Interested Parties Transaction Review & Reporting Policy

2022 ANTI-BRIBERY ANTI-CORRUPTION TRAINING (ABAC)

As part of Tiong Seng's long-standing commitment to upholding Corporate Governance, the Group invited Denton's to conduct their annual ABAC trainings for the management and at-risk staff. Members of the Board, Managers, and staff who frequently interact with external parties were required to attend the training. We plan to convert the training into a series, focusing on different topics every year.

For 2022 our theme was 'Anti-Corruption Laws' to familiarise our employees with bribery and corruption laws to mitigate the associated risks. The session examined applicable local laws, powers of the Corruption Investigation Bureau and best practises in evaluating, selecting, and contracting third parties among other topics. To further facilitate a more interactive session, case discussions were conducted to get our staff to test their knowledge on the subject matter.

Over the course of the two days, over 80 participants from departments such as Projects, Contracts, Tendering and Engineering were involved in the session. We believe that this session will equip them with skills to combat corruption in the workplace.

PRACTICES AND SYSTEMS IN PLACE

Best practices on tendering, contracting and procurement are communicated to our staff through new trainings led by the HOD or respective managers. Employees are required to sign their appointment letter every 2 years to ensure acknowledgement of the latest code of conduct and business ethics.

We have stringent control measures in place to conduct due diligence for suppliers and vendors. This includes multi-layer approval system involving different parties notably the Contracts Director and Deputy Managing Director. The final approval is given by the CEO.

We also conduct internal audit to ensure compliance with the Company's Code of Conduct.

SUSTAINABILITY REPORT

OUR PERFORMANCE

For FY2022, we had no instances of confirmed corruption cases. We will continue to ensure that we conduct business in a fair and ethical manner and will take action if any instances of non-compliance or confirmed incidents of corruption come to our attention.

Total number of:	FY2022
Confirmed incidents of corruption (i.e., incidents of corruption that have been found to be substantiated)	0
Confirmed incidents in which employees were dismissed or disciplined for corruption	0
Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such	0

OUR TARGETS IN FY2023

- Maintain zero incidents of non-compliance with socioeconomic and environmental laws and/or regulations resulting in significant fines and non-monetary sanctions.

- Maintain zero confirmed incidents of corruption.

GRI CONTENT INDEX

Tiong Seng has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI Standards (2021)		Notes/Page no.(s)
General Disclosures		
Organisation and its Reporting Practices		
2-1	Organisational details	1
2-2	Entities included in the organization's sustainability reporting	17
2-3	Reporting period, frequency and contact point	17
2-4	Restatements of information	With the expansion of the reporting scope this year and refinement of our data collection method we have represented some of our previous data.
2-5	External Assurance	We have not sought external assurance on this Report.
Activities and Workers		
2-6	Activities, value chain and other business relationships	1
2-7	Employees	42
Governance		
2-9	Governance Structure	25, Corporate Governance 53-74
2-10	Nomination and selection of highest governance body	Corporate Governance 53-74
2-11	Chair of the highest governance body	Corporate Governance 53-74
2-12	Role of the highest governance body in overseeing the management of impacts	25
2-13	Delegation of responsibility for managing impacts	25
2-14	Role of the highest governance body in sustainability reporting	6-7, 25
2-15	Conflicts of interest	Corporate Governance 53-74
2-16	Communication of critical concerns	23, 45
2-17	Collective knowledge of the highest governance body	Corporate Governance 53-74
2-18	Evaluation of the performance of the highest governance body	Corporate Governance 53-74
2-19	Remuneration policies	Corporate Governance 53-74
2-20	Process to determine remuneration	Corporate Governance 53-74
Strategy, Policies and Practices		
2-22	Statement of sustainable development strategy	6-7
2-23	Policy commitments	47
2-24	Embedding policy commitments	23, 25, 47
2-25	Processes to remediate negative impacts	17, 45
2-26	Mechanisms for seeking advice and raising concerns	23, 45
2-27	Compliance with laws and regulations	48

SUSTAINABILITY REPORT

Stakeholder Engagement		
2-29	Approach to stakeholder engagement	23
2-30	Collective bargaining agreements	There are no employees covered under collective bargaining agreements.
Material Topics		
3-1	Process to determine material topics	23
3-2	List of material topics	23
3-3	Management of material topics	23, 25
Energy, Emissions and Pollution		
3-3	Management of material topics	27-29
302-1	Energy consumption within the organisation	30
302-3	Energy intensity	30
305-1	Direct (Scope 1) GHG emissions	31
305-2	Energy indirect (Scope 2) GHG emissions	31
305-4	GHG emissions intensity	31
Water and Effluents		
3-3	Management of material topics	32
305-3	Water Consumption	33
Waste Management		
3-3	Management of material topics	34
306-3	Waste generated	35
Health and Safety		
3-3	Management of material topics	36-37
403-1	Occupational health and safety management system	36-37
403-2	Hazard identification, risk assessment and incident investigation	36-37
403-3	Occupational health services	36-37
403-4a	Worker participation, consultation and communication on occupational health and safety	36-37
403-5	Worker training on occupational health and safety	36-37
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36-37
403-9	Work-related injuries	38-39

SUSTAINABILITY REPORT

Human Capital Assets		
3-3	Management of material topics	40-42
401-1	New employee hires and employee turnover	42-43
404-1	Average training hours per year per employee	44
404-2	Programs for upgrading employee skills and transition assistance programs	40-42
404-3	Percentage of employees receiving regular performance and career development reviews	41
Local Communities		
3-3	Management of material topics	45
413-2	Operations with significant actual and potential negative impacts on local communities	20-21, 45
Anti-Corruption		
3-3	Management of material topics	47
205-2	Communication and training about anti-corruption policies and procedures	47
205-3	Confirmed incidents of corruption and actions taken	48

SUSTAINABILITY REPORT

TCFD INDEX

TCFD Pillars and Recommended Disclosures	Notes/Page number(s)
Governance: Disclose the organisation's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	25
b) Describe management's role in assessing and managing climate-related risks and opportunities	25
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	26-27
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	26-27
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	To be disclosed in subsequent reports
Risk Management: Disclose how the organisation identifies, assesses and manages climate-related risks	
a) Describe the organisation's processes for identifying and assessing climate-related risks	25-26
b) Describe the organisation's processes for managing climate-related risks	25-26
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	To be disclosed in subsequent reports
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	31, 33, 35
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	31
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	31, 33, 35

CORPORATE GOVERNANCE

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

This report describes the corporate governance framework and practices that the Group has adopted with reference to the 2018 Code of Corporate Governance (the "Code"), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and explanations are provided for any deviations from the Code.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Provision 1.1: Principal Duties of the Board and Conflict of Interest

The Board is primarily responsible for overseeing and supervising the management of the business affairs of the Group by putting in place code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture in order for management to act in good faith for the long term performance of the Group. Board members are expected to bring their diversified knowledge and experience to bear on issues of strategy, performance, and resources and exercise independent judgment in the best interests of the Group.

The Board as at the date of this report comprises six directors of whom three are independent directors:

Ong Lay Khiam	Non-executive Chairman and Independent Director Chairman of Audit Committee Member of Nominating and Remuneration Committees
Pay Sim Tee	Executive Director and Chief Executive Officer Member of Nominating Committee
Lee It Hoe	Non-executive Director Member of Remuneration and Audit Committees
Ang Peng Koon, Patrick	Non-Executive Independent Director Chairman of the Nominating and Remuneration Committees Member of Audit Committee
Teo Ho Pin	Non-Executive Independent Director Member of Audit Committee
Pek Zhi Kai	Executive Director

Each director is required to promptly disclose any conflict or potentially conflict of interest, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. On an annual basis, each director is also required to submit a director's interest declaration form for the purpose of monitoring interested persons transactions. Where a director has a conflict or potentially conflict of interest in relation to any matter, he should immediately declare his interest when the conflict-related matter is discussed and abstained himself from voting in relation to the conflict-related matters.

CORPORATE GOVERNANCE

The function of the Board includes:

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

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

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

(iv) establishing a framework of prudence, adequate and effective internal controls and risk management systems, including safeguarding of shareholders' interests and the company's assets and review the adequacy and effectiveness of the company's internal control systems and risk management systems at least annually;

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

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

(vii) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

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

(ix) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Group prides itself on being an innovator and champion of practices to shape a safe, high quality and sustainable built environment and is aware of the impacts that its activities may have on society and the environment and continually strive to mitigate any such repercussions. The Board considers sustainability issues as part of the business strategic formulation and decision-making processes. It believes strong sustainability governance is critical to the Group success. The Board plays an important role in the selection and review of ESG factors that are material to the Group and oversees the management of the performance relating to these factors. The sustainability report (the "Report") adheres to the Singapore Exchange (SGX-ST) Listing Rules 711A and 711B and references the internationally recognised Global Reporting Initiative (GRI) Standards.

Provision 1.2: Directors' Orientation and Training

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

Management will bring to Directors' attention, information on seminars that may be of relevance or of use to them. As part of their continuing education, the Directors, whether as a group or individually, are encouraged to attend relevant industry conferences, external courses and seminars to keep themselves apprised of and updated on the latest changes in areas pertaining to regulatory, legal and commercial risks, amongst others, at the Company's expenses. For FY2022, the Directors had been briefed on the key audit matters in the auditors' report and quarterly updates on the strategic development of the Group. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are also circulated to the Board. For any first time director who has no prior experience of a director of a listed company in Singapore ("First Time Director"), orientation programmes would include mandatory training as prescribed by the Listing Manual.

As an ongoing exercise, the Directors are updated on amendments and requirements of the SGX-ST and other statutory and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company, from time to time. The Board has went for Foundation in Corporate Sustainability course by Global Compact Network Singapore during the year.

CORPORATE GOVERNANCE

Provision 1.3: Board Approval

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

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

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

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

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

(v) Convening of shareholders' meetings;

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

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

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

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

Provision 1.4: Delegation by the Board

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

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

Provision 1.5: Board Meetings and Attendance

Details of the number of meetings of the Board and Board Committees held in the financial year ended 31 December 2022 ("FY2022"), as well as the Directors' attendance at these meetings are summarised in the table below:

Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Nominating Committee Meeting**	**Remuneration Committee Meeting**
	Attendance/Number of meetings held			
Ong Lay Khiam	7/7	3/3	1/1	1/1
Pay Sim Tee	6/7	3/3*	1/1	1/1*
Lee It Hoe	7/7	3/3	1/1*	1/1
Ang Peng Koon, Patrick	7/7	3/3	1/1	1/1
Teo Ho Pin	7/7	3/3	1/1*	1/1*
Pek Zhi Kai	6/7	3/3*	1/1*	1/1*

*By Invitation

CORPORATE GOVERNANCE

Provision 1.6: Access to Information

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

Board papers are prepared by Management for each Board meeting and are circulated to the Directors before the scheduled meeting on a timely basis. Board papers prepared by Management include adequate information relating to financial, business and corporate issues to enable the Directors to be properly briefed on agenda issues to be reviewed and considered at Board meetings. Management staff are invited to attend Board Meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

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

Provision 1.7: Access to Management, Company Secretary and Independent Professional Advice

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

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

Principle 2: Board Composition and Guidance

Provision 2.1: Board Independence

Provision 2.2 & 2.3: Proportion of non-executive and independent directors

The Board comprises 6 members, 3 of whom are independent. The independent directors made up at least one third of the directors. Non-executive directors make up a majority of the Board.

Under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. In this aspect, every independent Board member is required to disclose any relationships or appointments which would impair their independence to the Board on a timely manner.

The independence of each Director is reviewed annually by the Nominating Committee ("NC"). Each independent director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and the Listing Manual. The NC adopts the Code's definition of what constitutes an "independent" Director in its review. Thereafter, the NC reviews the checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

Provision 2.4: Board Composition and Diversity

The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate diversification of expertise and experience and collectively possesses the necessary skills sets and core competencies for effective decision making. The Board is of the opinion that its current board size of six Directors is appropriate, taking into account the nature and scope of the Group's operations.

CORPORATE GOVERNANCE

The Company recognises the benefits of having a Board with diverse backgrounds and experience. As a group, the Directors bring with them a broad range of expertise in areas, such as legal, accounting, finance, management experience, industry knowledge, customer-based experience and knowledge as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views. It has adopted a Board Diversity Policy which recognise that a diverse Board will enhance decision-making capability and is more effective in dealing with organisational changes. Diversified views enhance Board discussions and ensure that the decisions made by the Board have been considered from all points of view.

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.

The current Board comprises six members who are corporate leaders, and are professionals with varied backgrounds, expertise and experiences including in finance, banking, legal, civil engineering, business management and consultancy, building and estate management investment and knowledge of risk management, audit and internal controls. Mr Ong Lay Khiam brings with him valuable finance and banking experience. Mr Pay Sim Tee and Mr Lee It Hoe, both have wealth of experience in business management and consultancy and industry knowledge. Mr Ang Peng Koon, Patrick has decades of legal experience and his core competence is in corporate restructuring and insolvency. Dr Teo Ho Pin contributes to the Board with his extensive expertise and track record in implementing Green and Smart City initiatives for sustainable buildings and communities. Mr Pek Zhi Kai with the knowledge in construction industry, business management has been appointed as part of the succession plan to inject in new ideas and views relevant in handling the fast changing environment.

The Company does not set any specific target for female directors or boardroom age diversity but will work towards having female directors, if the opportunity arises. The Board consists of directors with ages ranging from early 30s, 50s to mid-70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company's Board Diversity Policy from time to time, as appropriate, to ensure its continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval.

Information on each Director's academic and professional qualifications, industry knowledge, shareholdings, relationships (if any) and, directorship is presented in the sections entitled "Board of Directors" and "Directors' Statement" of this Annual Report.

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

Provision 2.5: Meeting of Independent Directors without presence of Management

All the Independent Directors meet at least annually without the presence of the other Executive and Non-independent Directors to discuss matters of significance which are thereon reported to the Board accordingly. Ad-hoc meetings will be held if there is a need to discuss any other matters without the presence of Management.

Principle 3: Chairman and Chief Executive Officer

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

CORPORATE GOVERNANCE

Provision 3.1: Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

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

The Non-executive Chairman, Mr Ong Lay Khiam, is one of the independent directors. Mr Pay Sim Tee is the CEO of the Company. The Chairman and the CEO are not immediate family members.

Provision 3.2: Role of Non-Executive Chairman and CEO

The Chairman is responsible for the workings of the Board which includes:

(i) lead the Board to ensure its effectiveness on all aspects of its role;

(ii) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(iii) promote a culture of openness and debate at the Board;

(iv) ensure that the directors receive complete, adequate and timely information;

(v) ensure effective communication with shareholders;

(vi) encourage constructive communication within the Board and between the Board and Management;

(vii) facilitate the effective contribution of non-executive directors in particular; and

(viii) promote high standards of corporate governance.

Given that the Chairman is independent, no lead independent director was appointed as the Chairman is available to address concerns, if any, of the Company's shareholders. Shareholders with concerns may contact him directly, when contact through the normal channels via the CEO or Chief Financial Officer ("CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate.

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

The Board is of the view that there are sufficient safeguards and checks to ensure that the decision making process of the Board is independent and based on collective decision of the Board without any individual exercising any considerable concentration of power or influence.

Principle 4: Board Membership

Provision 4.1 and 4.2: Nominating Committee Composition and Role

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

Ang Peng Koon, Patrick (Chairman)
Ong Lay Khiam
Pay Sim Tee

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

(i) to review the Board structure, size and composition and make recommendations to the Board with regard to any Board appointments and changes, where appropriate;

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

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(iii) to determine, on an annual basis, if a Director is independent;

(iv) to recommend the nomination of Directors who are retiring by rotation to be put forward for re-election;

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

(vi) to assess the effectiveness of the Board as a whole;

(vii) to review the succession plans for the CEO and key management personnel; and

(viii) to review training and professional development programmes for the Board and its directors.

Provision 4.3: Process for selection, appointment and reappointment directors

The process for selection and appointment of new directors provides the procedure for identification of potential candidates, evaluation of candidate's skills, knowledge and experience, gender, assessment of candidates' suitability and recommendation for nomination to the Board. In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have such as integrity, ability to commit time and effort to the Board, taking into account the attributes of the existing Board, the requirements of the Group and the Board Diversity policy. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews are set up with potential candidates for the NC members to assess them, before a decision is reached.

Provision 4.4: Continuous Review of Directors' Independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Code's definition of an independent director and guidelines as to relationships which would deem a director not to be independent (Principal 2). Under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. In this aspect, every independent Board member is required to disclose any relationships or appointments which would impair their independence to the Board on a timely manner.

Based on the confirmation of independence submitted by the Independent Non-Executive Directors, the NC was of the view that each Independent Non-Executive Director namely Mr Ong Lay Khiam, Mr Ang Peng Koon, Patrick and Dr Teo Ho Pin is independent in accordance with the Listing Rule 210(5)(d) as the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is or was determined by the Remuneration Committee.

As both Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick has each served the Board as non-executive independent Directors for more than nine years, the NC had performed a rigorous review of their continuing independence. During the review including a self-assessment checklist completed by them, the NC noted that, notwithstanding that they have served on the Board beyond nine years, they continue to demonstrate strong independence in character and judgement in engaging and challenging Management in the interests of the Group at the Board and Board Committee meetings. Neither they and nor their immediate family members have any relationship or business dealings with the Group and the Company's substantial shareholders in the current or immediate past financial year. Both Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick have, over the years, actively participated in the proceedings and decision-making process of Board meetings. They have constructively challenged and reviewed the performance of Management in achieving agreed goals. The Board considers them to have made impartial advice and insights and have exercised independent judgement in doing so without dominating the Board discussions in these proceedings and/or meetings. The Board also recognises that Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick have developed substantial insight of the Group's business and operations and will continue to value add to the Board. In considering the above factors and taking into account of their contribution in terms of experience, expertise, professionalism and integrity and having weighed on the need for progressive refreshing of the Board, the NC is of the view that both Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick continue to be independent. Each Independent Director is duly abstained from the NC/Board's determination of his independence.

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Singapore Exchange Regulation ("SGX RegCo") has announced on 11 January 2023 that it will limit to nine years the tenure of independent directors (IDs) serving on the boards of listed issuers. The Board has commenced its search for new independent directors and would take into account of the Group and Board's requirements and Board Diversity.

Following the review, the NC is satisfied that at least one-third of the Board comprises Independent Directors.

Provision 4.5: Directors' commitment to discharge their duties and obligations

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

Currently, no Director has appointed an Alternate Director.

Re-election of directors at the forthcoming Annual General Meeting

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

In accordance with Regulation 89 of the Company's Constitution, one-third of the Directors for the time being shall retire from office by rotation at each Annual General Meeting ("AGM"); and each Director is required to retire at least once every three years and, shall be eligible for re-election. A newly appointed Director is also required to submit himself for retirement and re-election at the AGM immediately following his appointment in line with Regulation 88 of the Constitution.

The NC is satisfied that Mr Ang Peng Koon, Patrick and Dr Teo Ho Pin who are retiring at the forthcoming AGM, are qualified for re-appointment by virtue of their skills, experience and contribution and after consideration, has recommended the nomination of Mr Ang Peng Koon, Patrick and Dr Teo Ho Pin for re-election under Regulation 89 at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr Ang Peng Koon, Patrick and Dr Teo Ho Pin will be offering themselves for re-election at the forthcoming AGM.

In accordance to Listing Rule 210(5)(d) (iii) that come into effect on 1 January 2022, both Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick who have first been appointed as independent directors on 24 February 2010, have sought for shareholders' approval in the annual general meeting held on 22 April 2021 for their continued appointment as independent directors of the Company in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the CEO of the issuer, and associates of such directors and CEO. Further to the announcement made by SGX RegCo on 11 January 2023 on the limitation of tenure of the independent directors to 9 years, Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick would continue to be deemed independent until the Company's AGM held for the financial year ending on 31 December 2023.

Below table list down the information on the directors nominated for re-election, including the information required under Appendix 7.4.1 of the Listing Rules.

	Name of Director to be re-elected under Regulation 89 of the Company's Constitution	
	Mr Ang Peng Koon, Patrick	**Dr Teo Ho Pin**
Date of appointment	24 February 2010	15 October 2020
Date of last re-appointment	19 June 2020	22 April 2021
Age	58	63
Country of Principal Residence	Singapore	Singapore

CORPORATE GOVERNANCE

	Name of Director to be re-elected under Regulation 89 of the Company's Constitution	
	Mr Ang Peng Koon, Patrick	**Dr Teo Ho Pin**
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and is of the view that, based on Mr Ang's performance and contributions to the Board during his tenure as the Independent Director of the Company, together with his vast experience and expertise in legal has accepted Nominating Committee's recommendation and nominates Mr Ang to be re-elected as the Director of the Company in the coming Annual General Meeting.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and is of the view that, based on Dr Teo's performance and contributions to the Board during his tenure as the Independent Director of the Company, together with his qualification, vast leadership experience and industry connections has accepted Nominating Committee's recommendation and nominates Dr Teo to be re-elected as the Director of the Company in the coming Annual General Meeting.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Independent Director – Audit Committee member; and – Chairman of Nominating and Remuneration Committees	Non-Executive Independent Director – Audit Committee member
Professional qualifications	Please refer to Board of Directors section for details	Please refer to Board of Directors section for details
Working experience and occupation(s) during the past 10 years	(i) Director of Tiong Seng Holdings Limited (ii) Managing Partner of Rajah & Tann Singapore LLP (iii) Chairman of Rajah & Tann Asia	Director of: (i) Tiong Seng Holdings Limited (ii) ISOTEAM Ltd. (iii) Singapore Environment Council President, Building & Estate Management Alumni, National University of Singapore Vice-President, Singapore Environment Council Mayor, North-West District Chairman, Holland-Bukit Panjang Town Council Co-ordinating Chairman, PAP Town Councils Deputy Government Whip Chairman, Mayors' Committee
Shareholding interest in the listed issuer and its subsidiaries	Hold 265,000 shares in Tiong Seng Holdings Limited	No

CORPORATE GOVERNANCE

	Name of Director to be re-elected under Regulation 89 of the Company's Constitution	
	Mr Ang Peng Koon, Patrick	**Dr Teo Ho Pin**
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 704(7) submitted to the Company?	Yes	Yes
Current directorships – Public Companies	Tiong Seng Holdings Limited Singapore Deposit Insurance Corporation Limited	Tiong Seng Holdings Limited ISOTEAM Ltd. King Wan Corporation Limited Broadway Industrial Group Limited Enviro-Hub Holdings Ltd
– Private Companies	Nanyang Girl's High School Insolvency Practitioners Association of Singapore	Singapore Environment Council
Past directorships (in the last 5 years) – Private Companies	Nil	Nil
Any prior experience as a director of an issuer listed on the Exchange?	Yes. Mr Ang has been the director of the Company since 2010. Previously he was independent director of SMRT Holdings Ltd from 2013-2017, and independent director of Malacca Trust Ltd.	Yes. Dr Teo was a director of Thai Village Holdings Ltd in 2000 to 2001.

Mr Ang Peng Koon, Patrick who is standing for re-election at the forthcoming AGM has been appointed since the Company's listing in year 2010. Dr Teo Ho Pin who is standing for re-election was appointed on 15 October 2020 and his appointment as director was announced on 12 October 2020. There are no changes to the disclosure required under items (a) to (k) to the Appendix 7.4.1 of the Listing Manual as provided in the Company's prospectus dated 7 April 2010 or the company's announcement of appointment dated 12 October 2020 in respect of their appointments to the Board.

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

CORPORATE GOVERNANCE

Principle 5: Board Performance

Provision 5.1 and 5.2: Board Evaluation Process

The NC has established a process for assessing the effectiveness of the Board as a whole for the long term performance of the Group. Board performance evaluation is carried out on an annual basis to assess and evaluate the Board's size, composition, and expertise, independence, the Board's access to information as well as Board accountability and processes. The board evaluation process involves having directors complete the performance evaluation forms. The results of the performance evaluation will be compiled by the Company Secretary into a summary report and reported to the NC Chairman before discussing at the NC meeting and reporting to the Board. The Board and the NC ensure that Directors appointed to the Board possess the relevant experience, knowledge and skills critical to the Group's business, so as to enhance the core competencies of the Board. No external facilitator had been engaged by the Board for this purpose. The NC and the Board were generally satisfied with the results of the Board performance evaluation for FY2022.

Despite the deviation from Provision 5.1 of the Code regarding the evaluation of effectiveness of the Board Committees namely, Audit Committee, NC and Remuneration Committee, that comprise members who are also Board members, the NC had reviewed and considered that separate assessment of the effectiveness of each Board Committee as well as individual Director evaluation were not deemed necessary and that the current annual assessment of the Board as a whole was sufficient for the time being and the practice is consistent with the intent of Principle 5 of the Code as the Board can effectively undertake a formal assessment of its effectiveness as a whole and that of its Board Committee and individual Directors.

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Provision 6.2: Remuneration Committee Composition

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

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

Provision 6.1, 6.3 and 6.4: Remuneration Framework

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

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

2. to review the Group's obligation arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contract of services contain fair and reasonable termination clauses which are not overly generous.

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

If required, the RC will from time to time seek advice from external consultants, who are unrelated to the Directors or any organisation they are associated with, on remuneration matters and remuneration of the Directors' and key management personnel. The Company has not appointed any remuneration consultants for FY2022.

CORPORATE GOVERNANCE

Principle 7: Level and Mix of Remuneration

Provision 7.1 and 7.3: Remuneration setting for Executive Directors and Key Management Personnel ("KMPs")

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

The existing service agreement of Mr Pay Sim Tee, CEO and Executive Director of the Company, is for a period of 3 years, and may be terminated with 6 months' notice in writing served by either party.

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

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

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

Provision 7.2: Remuneration of Non-Executive Directors

The RC also reviews all matters concerning the remuneration of the Independent Directors and Non-Executive Directors to ensure that the remuneration commensurate with the effort, time spent and responsibilities of the Directors and not to be over-compensated to the extent that their independence may be compromised.

The RC had recommended to the Board an amount of $350,000 as Directors' fee for the financial year ending 31 December 2023, to be paid quarterly in arrears.

The Directors' fees are payable to all the Directors except for the CEO. The Board will table this recommendation at the forthcoming AGM for shareholders' approval. No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE

Principle 8: Disclosure on Remuneration

Provision 8.1, 8.2 and 8.3: Disclosure of Remuneration of directors, KMPs, immediate family member of a director/CEO and share scheme

The annual remuneration level and mix of each individual Director for FY2022 is set out as follows:

	Basic Salary	Bonus, AWS and Profit Sharing	Other Benefits	Director's Fees	Total	
	%	%	%	%	%	$'000
Executive Directors						
Pay Sim Tee	99.2	–	0.8	–	100	707
Pek Zhi Kai	71.6	–	9.7	18.7	100	268
Non-executive Directors						
Lee It Hoe	–	–	–	100	100	60
Ong Lay Khiam	–	–	–	100	100	120
Ang Peng Koon, Patrick	–	–	–	100	100	60
Teo Ho Pin	–	–	–	100	100	60

Save as disclosed, there are no other employees who are immediate family members of a Director or the CEO and whose remuneration exceed $100,000 for FY2022.

The aggregate remuneration paid to the top 5 KMPs (who are not Directors or the CEO) in FY2022 was $1,648,000. However, the remuneration of the top 5 key management personnel (who are not Directors or the CEO) is not disclosed in the bands of $250,000 and on a named basis as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of the individual key management personnel is disadvantageous to its business interest, given the scarcity of talents and highly competitive industry conditions that it is operating in and may give rise to recruitment and retention issues.

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

The Board is of the view that in light of the above and despite its deviation from Provision 8.1 of the Code, there is sufficient transparency on its remuneration policies, level and mix of remuneration, procedure for setting remuneration, and the relationships between remuneration, performance and value creation, details of which are further set out under Principle 7 and 8, which provides a reasonable amount of information on the Company's remuneration framework to enable shareholders to have an adequate appreciation of the remuneration of its Directors and KMPs and to understand the link between the Company's performance and the remuneration of the CEO and other top five KMPs (who are not Directors or the CEO). Accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Code.

The Company has no employee share or stock options scheme nor long-term incentive scheme in place.

While the Company currently does not have any employee share option scheme, the RC recognises the benefits of long-term incentive schemes and will evaluate the costs vs benefits arising therefrom prior to implementation of such schemes in future.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Provision 9.1: Nature and Extent of Risks

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

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

Given the level of operations of the Group, the Board has decided to incorporate the oversight of the ERM framework and policies into the function of the Audit Committee. No separate Risk Committee was established for FY2022.

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

The Group's material risks can be broadly classified as follows:

Business/Operational Risks

This relates to operations and includes health of property market, security threats, product quality, employee attribution and increased competition. Owners of such risks such as the business unit and departmental heads would monitor such risks through identification of key risks at respective business units and department level and on- going meetings within and across business units and departments to monitor, measures with follow up actions to manage the risks.

Compliance Risks

Compliance with local laws and regulations in various geographical locations are monitored by respective process owners and including respective business units, finance and human resource departments, and when needed, with consultation to legal advisors, auditors and company secretary. Corporate, finance, human resource and other related department will constantly share latest regulatory update that have implications to the Group's operations and come out with measures for compliance.

Financial Risks

These risks are set out in the notes to the financial statements. Generally, the Group is conservative in its financial dealings and does not engage in speculative instruments that would expose the Group to unnecessary financial risks.

Provision 9.2: Assurance from the CEO, CFO and KMPs

The Board has obtained a written confirmation from:

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

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the ERM framework maintained, assurance received from the CEO, CFO and other key management personnel, and reviews performed by the Board, Management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2022.

There was no material weakness in risk management and internal controls noted as at 31 December 2022.

CORPORATE GOVERNANCE

Principle 10: Audit Committee

Provision 10.1, 10.2 and 10.3: Audit Committee Composition and Role

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

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

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

The AC met at least 2 times in respect of FY2022 and, as and when deemed appropriate to carry out its function, AC members are kept abreast of any changes to accounting standards and issues affecting the financials by the external auditors and Management at the AC meetings, where appropriate.

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

1. to review with the internal and external auditors their audit plans, their evaluation of the system of internal controls, their audit reports and the management letter and Management's responses;

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

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

4. to review the assurance from the CEO and the CFO on the financial records and financial statements;

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

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

7. to review the adequacy, effectiveness, independence, scope and results of the Company's external audit and internal audit function;

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

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

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

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

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

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

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

Provision 10.5: Meeting Auditors without Management presence

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

In the review of the financial statements, the AC has discussed with management and external auditors with regards to the significant matters in relation to the financial statements, the accounting principles applied therein and judgement involved that might have an implication to the integrity of the financial statements. The AC has discussed and concurs with the basis and conclusions in the auditors report with respect to the following key audit matters identified by the external auditors for FY2022.

(i) Accounting for construction contracts

The Group applies estimates in accounting for construction contracts, which includes determination of the stage of completion of the construction contracts to-date, assessment of total construction costs of delivering the entire construction contracts and of work performed to-date, provision for onerous contracts and liquidated damages (if any). The AC assessed the reliability of the management's estimates by considering bases used by the management in the estimates of total construction costs of delivering the entire construction contracts and of work performed to-date, approaches applied in determining stage of completion of the construction contracts to-date, judgement made as to provision for onerous contracts and liquidated damages (if any). The AC also considered the communication from the external auditors on this matter.

(ii) Valuation of development properties

The AC considered the approach and methodology applied to the valuation model in determining the recoverable amounts of development properties and reviewed the reasonableness of assumptions adopted and judgement made by management in the assessment of any potential allowance for impairment and the provision there from (if any). The AC also considered the external auditors' communication on this matter.

(iii) Impairment of non-financial assets

The AC considered the approach and methodology applied to the valuation model in non-financial assets impairment assessment. It reviewed the reasonableness of the estimation of fair value less cost to sale and considered the external auditors' communication on this matter.

(iv) Going concern

The AC considered the approach and methodology applied to the assessment of going concern. It reviewed the reasonableness of assumptions adopted and assessment made by management. The AC also considered the external auditors' communication on this matter.

Following the review and discussion, the AC recommended to the Board to approve the full year financial statements.

External Auditors

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

The AC review adequacy, effectiveness, independence, scope and results of the external auditors throughout:

(i) the audit planning level in respect on qualification and experience of engagement team involved, key audit areas identified and audit scope covered;

(ii) overall audit report presented, together with the discussion with the auditors with regards to significant matters in relation to the financial statements, accounting principles applied and judgement involved in the preparation of the financial statements, the audit quality indicator of the engagement team level and at firm level taking into consideration of the Audit Quality Indicators Disclosure Framework published by the ACRA involved in carrying out the audit; and

(iii) assesses the independence of the external auditors annually based on factors such as performance, skills and independence and is satisfied that the non-audit services provided by the external auditors in FY2022 did not affect the independence or objectivity of the external auditors. The amount of non-audit fees paid to the external auditors in respect of FY2022 was $183,000.

Based on the above review, the AC is satisfied as to the adequacy, effectiveness, independence, scope and results of the external audit.

On the above basis, and with the concurrence of the Board, the AC had recommended the re-appointment of KPMG LLP as auditors at the forthcoming AGM.

Details of the fees of the external auditors of the Company for FY2022 are as follows:

	FY2022 $'000	**FY2021 $'000**
Fees paid/payable to external auditors for:		
– Audit services	570	524
– Non-audit services	183	104

Whistle Blowing Programme

The Audit Committee is responsible for the oversight and monitoring of whistleblowing. The Group has in place a Whistle-Blowing Programme that has been clearly communicated with employees. This programme provides well-defined and accessible channels in the Group through which employees and external parties may, in confidence, raise concern about possible fraudulent activities, malpractices or misconduct or wrongdoing conduct on financial reporting or other matters within the Group, in a responsible and effective manner. The Group undertakes to independently investigate such complaints made in good faith and in an objective manner with appropriate follow up actions being taken thereafter. The identity of the whistleblower is kept confidential and the Group will ensure he/she will not be victimized and will be protected against detrimental or unfair treatment. To facilitate participation by the external parties, the Whistle-Blowing Programme is also available on the Company's website at www.tiongseng.com.sg.

Once a whistle-blowing issue is initiated, the Chairman of the AC and/or the HR manager, with a copy to the CEO will conduct an initial assessment to determine how the investigation should proceed. An investigation report will then be put up by the investigation committee for review and recommended actions would be initiated. The investigation results are confidential. The AC and Board of Directors are to review actions taken and ensure that fraudulent practices are reviewed without prejudice or biasness, and executed with professional integrity in compliance with the Company's Programme.

New employees are briefed on the policy when they join the company's orientation programme. The Whistle-Blowing Policy, amongst other policies, are uploaded onto human resource portal accessible by all employees.

No whistle-blowing concerns were reported for FY2022.

CORPORATE GOVERNANCE

Provision 10.4: Internal Audit

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

The Company's internal audit function is independent of the external audit. PwC has been appointed as internal auditor and is staffed with professionals with relevant qualifications and experience to carry out the internal audit function.

The PwC engagement team led by Mr Ng Siew Quan who has over 30 years experiences in auditing and led internal audit and risk management engagements for corporate entities from the private and public sectors. Mr Ng Siew Quan is supported by Ms Teoh Ka Yee, a Senior Manager from the Risk Assurance practice of PwC who directly oversees the engagement team and has over 9 years of experiences in providing risk management services.

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

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

The AC assesses the adequacy, effectiveness, independence, scope and results of the internal audit function on an annual basis and are satisfied that the Company's internal audit function is independent, effective and adequately resourced. The internal auditor is guided by the PwC Global Internal Audit Services Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Engagement Shareholder Rights and Conduct of General Meetings

The Company recognises and is committed to protect shareholders rights under the Constitution and the relevant laws and regulations. All shareholders are treated fairly and equitably. The Company continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Company is mindful of the need for regular, effective and fair communication with its shareholders. The Company disseminates all material price- sensitive information and half-yearly results to its shareholders via SGXNET and Company's website www.tiongseng.com.sg on a non-selective basis, and through press releases on a timely basis.

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

All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards (International) and approved by the Board before release to the SGX-ST and the investing public through SGXNET. Negative assurance statements were issued by the board to accompany the company's half-yearly results announcements in FY2022, confirming that to the best of its knowledge, nothing had come to its attention which would render the company's half-yearly results false or misleading. The releases of the half-yearly and annual financial information are accompanied by news releases issued to the media and which are also posted on the SGXNet. Management provides the Board with information on the Group's performance, financial position and prospects on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospect. This is supplemented by regular updates on matters affecting the financial performance, business of the Group, if any.

CORPORATE GOVERNANCE

Provision 11.1, 11.2 and 11.4: Conduct of General Meetings

Information is communicated to shareholders on a timely basis.

Communication may be made through:

(a) annual reports, sustainability report or circulars that are prepared and announced through SGXNET and Company's corporate website at https://www.tiongseng.com.sg;

(b) half yearly and full year results announcements;

(c) notices and explanatory notes of the AGM and any Extraordinary General Meeting ("EGM"); and

(d) other announcements and press releases that are announced via SGXNET.

The Company welcomes the views of the shareholders on matters concerning the Company and Group and encourages shareholders' participation at AGMs. Each item of special business included in the notice of the meeting will be accompanied by a statement regarding the effect of a proposed resolution. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions.

Shareholders (who are not relevant intermediaries) have the opportunity to participate effectively and to vote in the AGMs/General Meetings by appointing chairman of the meeting as proxy. Shareholders should specifically indicate how they wish to vote for or against (or abstain from voting on) the resolutions. The detailed results showing the number of votes cast for and against each resolution and the respective percentages would be disclosed in the general meetings and announced via SGXNET after the conclusion of the general meetings.

The Company will appoint an independent external party as scrutineer for the poll voting process for the purpose of directing and supervising the count of the votes cast through proxy and in person. Prior to the commencement of the general meetings, the scrutineer will review the proxies and proxy process and also ensure that satisfactory procedures of the voting process are in place. Shareholders are informed of the voting process at each general meeting.

The Company will organise the forthcoming AGM on 28 April 2023 with physical attendance. There will be no option for shareholders to participate virtually or by electronic means. Please refer to the notice of AGM for more information.

Provision 11.3: Interaction with Shareholders

Shareholders are given the opportunity to proactively engage with the Board and Management regarding the Group's business activities and operations, financial performance and other business related matters. Shareholders are now allowed at least 7 calendar days after the publication of the notice of general meeting to submit their questions. Shareholders are informed of any cut-off time within which questions must be submitted and when their questions would be responded to. All substantial and relevant questions received from shareholders prior to a general meeting will be publicly addressed by the Company at least 48 hours prior to the closing date and time for the lodgment of the proxy forms through publication on SGXNET and the Company's corporate website at www.tiongseng.com.sg. Details on the arrangements are provided to shareholders in the notices of general meetings.

All Directors, in particular, the Chairman of the Board and Chairpersons of the AC, NC and RC, together with the external auditors are usually present at the AGMs/General Meetings.

At the Company's last AGM held on 22 April 2022, all the directors, the company secretary and external auditors had attended the AGM. The Chairman of the meeting with the assistance of the Company Secretary and service provider briefed the shareholders on the rules of the meeting including the voting procedures.

Provision 11.5: Minutes of the General Meetings

Company secretary will prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating the agenda of the meeting, and responses from the Board and Management. The company publishes minutes of the general meetings of shareholders on SGXNET and its corporate website within one month from the date of AGM.

CORPORATE GOVERNANCE

Provision 11.6: Dividend Policy

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

The details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

No final dividend has been recommended for FY2022 in order to preserve the Group's working capital.

Principle 12: Engagement with Shareholders

Provision 12.1, 12.2 and 12.3: Communication with Shareholders and Investor Relations Practices

The Group keeps its stakeholders and public informed on information that would be likely to materially affect the price, value and/or trade volumes of the Group's securities on a timely and consistent basis.

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

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Managing Stakeholders Relationships Engagement with Stakeholders

Provision 13.1 and 13.2: Stakeholders' Engagement

The Group engages with all its material stakeholder groups via various medium and channel, which including project management meetings, numerous business interactions and other corporate events, and through external professional investor relation. The material stakeholders of the Group identified include directors, suppliers and subcontractors, customers, employees, investors and financial institutions, community and regulators.

The Group constantly shares its growth strategy and core value system with its stake holders and strive to work together to have continuous improvement on productivity and efficiency in a responsible and sustainable manner.

The sustainability report released to the SGX-ST provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships which include:

- Adoption of environmentally practices such as reducing water consumption and general construction waste
- Delivering long term sustainable construction works and housing development
- Safeguarding the health and safety of employees and sub-contractors
- Providing learning opportunities for employees and invest in human capital and support employee development to meet changing business needs

Provision 13.3: Corporate Website

The Company disseminates all its key business updates and half-yearly results to its stakeholders via SGXNET and Company's website www.tiongseng.com.sg on a non-selective basis, and through press releases on a timely basis.

The corporate website keeps the investment community up to date, providing company profile with the Board Diversity policy, financial information such as results announcements and annual reports, stock information which shows stock fundamentals and historical stock price. The whistle-blowing policy is also published under the "Corporate Governance" link. There is an email alert option under "Shareholder Tools" for shareholders to receive financial information such as calendar events, announcements and/or press release by email automatically.

CORPORATE GOVERNANCE

Dealings in Securities

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

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

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

The guidelines on share buyback under the Share Buyback Mandate, to be renewed at the Company's forthcoming AGM also provides that the Company will not affect any purchases of shares on the SGX-ST during the period of one month immediately preceding the announcement of the Company's half year and full year results.

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

Interested Person Transactions

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

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

The aggregate value of IPTs entered into during FY2022 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hiring Charges			
Peck Tiong Choon Transport (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	–	$3,902,000
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	–	$28,000
Total		–	$3,930,000

CORPORATE GOVERNANCE

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Lease of Storage Space Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	$1,445,000	–
Consultancy fees G&T Multitask (Private Limited)#	Associate of Director, Pek Zhi Kai	$500,000	–
Total		$1,945,000	–

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

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

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

Material Contracts

Saved for item as disclosed under Interested Person Transactions as disclosed above, and the Service Agreement entered with the Executive Directors, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Directors or controlling shareholders during or at the end of FY2022.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

We present this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages 86 to 167 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Ong Lay Khiam
Pay Sim Tee
Lee It Hoe
Ang Peng Koon, Patrick
Teo Ho Pin
Pei Zhi Kai

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ong Lay Khiam		
Tiong Seng Holdings Limited		
– ordinary shares		
– interests held	318,000	318,000
Lee It Hoe		
Tiong Seng Holdings Limited		
– ordinary shares		
– deemed interests	286,275,330	286,275,330
Ang Peng Koon, Patrick		
Tiong Seng Holdings Limited		
– ordinary shares		
– interests held	265,000	265,000

By virtue of Section 7 of the Act, Lee It Hoe is deemed to have interests in the other subsidiaries of the Company, at the beginning and at the end of the financial year.

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

DIRECTORS' STATEMENT

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2023.

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

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

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

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

The Audit Committee has held 2 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

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

In appointing our auditors for the Company and its Singapore-incorporated subsidiaries and significant associated companies, we have complied with Rules 712 and 715(1) of the SGX Listing Manual.

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

Pay Sim Tee
Director

Pek Zhi Kai
Director

6 April 2023

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tiong Seng Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 86 to 167.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Accounting for construction contracts	
The key audit matter	***How the matter was addressed in our audit***
The Group uses estimates in accounting for its construction contracts. Revenues from construction contracts are recognised progressively over time. Stage of completion is determined based on input method, which is based on construction costs incurred to-date as compared to the estimated total construction costs. Determining the stage of completion, the recoverability of contract assets and the provision for onerous contract involve judgement and are subject to estimation uncertainties. Such estimates include: • Total costs of delivering the entire contract; • Total costs of work performed to-date; and • Possible reduction in contract sums due to late completion of projects, if any. Changes in the above estimates may have an impact on the Group's revenue from construction contracts, costs of construction contracts and profit.	**Our response** We tested controls over the Group's processes for budgeting contract costs and determining costs of work performed to-date. We also assessed the reliability of management's estimation of contract costs by comparing the final outcomes of projects completed during the year to previous estimates made on those projects. We selected samples of contract and assessed the reasonableness of calculation of stage of completion by: • Assessing the adequacy of budgeted contract costs by comparing them with the actual costs incurred to-date and the reasonableness of the remaining costs to be incurred taking into consideration the latest market factors; • Where applicable, identifying any changes in assumptions and estimates applied in the budget from previous years and evaluated the reasons provided by management for the changes; • Enquiring with management on the progress of the construction to identify potential delays or cost overruns that may require revision in budgeted contract costs or a provision for onerous contracts; and • Ascertaining the reasonableness of costs of work performed to-date by checking to the latest claims from the subcontractors/suppliers and testing the post year end payments. We selected samples of contract and assessed the recoverability of the carrying amounts of contract assets by checking to post year end receipts, enquiring with management and reviewing correspondences to identify potential dispute on the work done. In respect of the risks of reduction in contract sums due to late completion of projects arising from contracts, if any, we enquired with management to understand their assessment of the progress of claims. We inspected correspondences with the customers. We also considered the Group's prior experience on final settlement of claims and compared resolutions of claims to settlements after year end, where applicable, to ascertain the reasonableness of management's assessment. We considered the adequacy of the Group's disclosure made around contract accounting in the financial statements.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Accounting for construction contracts	
The key audit matter	***How the matter was addressed in our audit***
	Our finding We found that the Group's estimates of budgeted contract costs, costs for work performed to-date, stage of completion and provision for onerous contracts to be balanced. We found that the Group's disclosure of contract accounting in Note 3.17 and 24 to the financial statements complies with relevant accounting standards.

Valuation of development properties	
The key audit matter	***How the matter was addressed in our audit***
The Group has significant development properties in China. There is a risk that net realisable values of these properties may be lower than their carrying amounts. Development costs may also escalate when the progress of any development is delayed and this could result in the carrying amounts of the affected development properties exceeding their net realisable values. Delay in completing the development within the time specified by the authority will be subject to penalty. The Group determined net realisable values of its development properties by reference to the recent transacted prices of units within the same development or comparable properties in the vicinity or the selling price estimated by external independent valuers who have the relevant qualification and industry experience.	**Our response** For external independent valuation reports, we reviewed the Group's process of appointing independent valuers; and evaluated the competence, capabilities and objectivity of these valuers. We held discussions with the valuers to understand their valuation methods and basis of valuation by comparing them with methodologies applied by other valuers for similar properties. We evaluated the reasonableness of the estimated selling prices indicated in valuation reports by comparing them with recent asking prices of comparable properties in the vicinity. For the assessment done by management, we assessed the reasonableness of management's estimated selling prices by comparing these with recently transacted prices of the units within the same development or recent asking prices of comparable properties in the vicinity. Where applicable, we assessed the reasonableness of the estimated development costs to complete a project by comparing the progress of the construction with the initial plan and considering whether there is any significant delay or deviation in plan which may require revision in estimated costs to complete. We reviewed management assessment of the likelihood of penalty being imposed due to delay in completing the development and the adequacy of the penalty provided for. We also considered the adequacy of the Group's disclosures made in respect of the allowance for diminution in value in the financial statements.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Valuation of development properties	
The key audit matter	***How the matter was addressed in our audit***
	Our finding We found no matters of concern regarding the competence, capabilities and objectivity of the external valuers and the methodologies and assumptions used by the valuers. We found the management's assessment of estimated selling prices, estimated costs and amount of penalty provided for late completion of the development to be balanced. We found that the Group's disclosure of allowances made for development properties in Note 16 to the financial statements complies with relevant accounting standards.

Impairment of non-financial assets	
The key audit matter	***How the matter was addressed in our audit***
The Group's net asset value exceeded its market capitalisation by $46.1 million as at 31 December 2022. This indicates that non-financial assets may be impaired. Impairment assessment involves estimating the recoverable amounts of the cash generating unit ("CGU") to which the non-financial assets belongs. The determination of recoverable amounts involves judgement and is subject to estimation uncertainties. The recoverable amount of each CGU is its fair value less costs to sell with reference to recent market transactions.	**Our response** Our audit procedures included, among others, testing the control designed and applied by the Group to ensure that its impairment analysis is appropriately undertaken and reviewed. We evaluated the identification of CGUs by the Group based on our understanding of the business. When recoverable amounts were based on a CGU's fair value less costs to sell supported by external valuations, we reviewed the Group's process of appointing the independent valuers; and evaluated the competence, capabilities and objectivity of these valuers. We evaluated the reasonableness of the estimated selling prices indicated in valuation reports by comparing them with recent asking prices of comparable properties in the vicinity. When recoverable amounts were based on management own estimate of a CGU's fair value less costs to sell, we assessed the reasonableness of management's estimated selling prices by comparing them with recent selling prices of similar plant and machinery adjusted for age, recent asking prices of comparable properties in the vicinity and considered the market supply and demand of properties projected by valuers. **Our finding** We found no matters of concern regarding the competence, capabilities and objectivity of the external valuers and the assumptions used by the valuers. We found that the Group had assessed based on a balanced set of assumptions and estimates.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Going concern	
The key audit matter	***How the matter was addressed in our audit***
During the financial year end, the Group reported a loss for the year of $85,044,000 (2021: $52,738,000) and deficit from cash flows in operating activities of $14,402,000 (2021: positive cash flows of $1,672,000). Total equity has decreased from $194,170,000 as at 31 December 2021 to $96,645,000 as at 31 December 2022. Management has performed an assessment of the Group's ability to continue its operation as a going concern. The assessment involves management projection of future cash flow of the Group covering period of at least 12 months from the date of financial statements. The assessment and projection is judgemental in nature.	We evaluated management' assessment of the Group's ability to continue to adopt the going concern basis of accounting. Our evaluation included: – Reviewing the cash flow projection prepared by the management covering period at least 12 months from the date of financial statement and assessed whether the assumptions used in the cash flow projection are in line with the business practice and in accordance with the contractual arrangements, if any, with customers, suppliers or subcontractors. – Considering the ability of the Group to generate sufficient cash flows from its construction segment including assessing the status of ongoing projects, and likelihood of claiming Cotma related claims, variation orders and prolongation costs from the customers. – Understanding the Group's available credit facilities, the securities charged for these credit facilities and assessed the Group's ability to roll over the facilities. – Considering the actions taken by management to reduce costs and assessed whether these were within the control of management. – Considering the management's plan of generating cash flow through disposing properties. **Our finding** We found that management's use of the going concern basis of accounting is appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

Members of the Company Tiong Seng Holdings Limited

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	4	**67,934**	94,545	**–**	–
Intangible assets	5	**296**	201	**–**	–
Investment properties	6	**386**	3,760	**–**	–
Right-of-use assets	7	**2,874**	3,900	**–**	–
Subsidiaries	8	**–**	–	**53,986**	53,986
Joint ventures	9	**23,429**	41,113	**–**	–
Trade and other receivables	10	**20,049**	15,673	**–**	–
Amount due from related parties	17	**4,807**	4,534	**–**	–
Other investments	11	**902**	959	**–**	–
Deferred tax assets	12	**2,271**	2,276	**–**	–
		122,948	166,961	**53,986**	53,986
Current assets					
Inventories	13	**3,647**	5,564	**–**	–
Contract costs	14	**710**	993	**–**	–
Contract assets	15	**75,646**	57,599	**–**	–
Development properties	16	**149,517**	173,442	**–**	–
Trade and other receivables	10	**51,745**	49,098	**1,233**	639
Amounts due from related parties	17	**30,848**	9,678	**47,317**	99,974
Cash and cash equivalents	18	**47,632**	56,486	**88**	229
		359,745	352,860	**48,638**	100,842
Assets held for sale	19	**25,089**	–	**–**	–
		384,834	352,860	**48,638**	100,842
Total assets		**507,782**	519,821	**102,624**	154,828
Equity attributable to owners of the Company					
Share capital	20	**181,947**	181,947	**181,947**	181,947
Treasury shares	20	**(4,906)**	(4,873)	**(4,906)**	(4,873)
Reserves	21	**(88,914)**	(76,000)	**(45,850)**	(45,850)
Retained earnings/(Accumulated losses)		**4,026**	90,129	**(93,738)**	(39,955)
		92,153	191,203	**37,453**	91,269
Non-controlling interests	35	**4,492**	2,967	**–**	–
Total equity		**96,645**	194,170	**37,453**	91,269
Non-current liabilities					
Trade and other payables	22	**12,267**	9,847	**–**	–
Loans and borrowings	23	**19,031**	34,913	**–**	–
Deferred tax liabilities	12	**580**	832	**–**	–
		31,878	45,592	**–**	–
Current liabilities					
Contract liabilities	15	**74,300**	74,801	**–**	–
Trade and other payables	22	**198,704**	129,557	**207**	254
Amounts due to related parties	17	**10,449**	12,646	**64,964**	63,305
Loans and borrowings	23	**92,782**	56,000	**–**	–
Current tax payable		**3,024**	7,055	**–**	–
		379,259	280,059	**65,171**	63,559
Total liabilities		**411,137**	325,651	**65,171**	63,559
Total equity and liabilities		**507,782**	519,821	**102,624**	154,828

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Revenue			
Revenue from construction contracts and engineering solutions		**329,318**	258,035
Revenue from sales of development properties		**26,076**	35,347
Rental income		**346**	4
	24	**355,740**	293,386
Other income	25(a)	**5,639**	9,715
Costs of construction contracts and engineering solutions		**(375,638)**	(270,982)
Costs of sales of development properties		**(20,507)**	(25,821)
Impairment loss on/arising from:			
– Property development business	25(b)	**(3,084)**	(20,216)
– Contract assets		**(5,067)**	–
– Investment in a joint venture		**(2,618)**	–
		(10,769)	(20,216)
Depreciation and amortisation		**(6,709)**	(7,188)
Selling expenses		**(1,136)**	(1,772)
Staff costs	25(c)	**(19,382)**	(19,284)
Other expenses	25(b)	**(12,064)**	(9,058)
		(446,205)	(354,321)
Loss from operating activities		**(84,826)**	(51,220)
Finance income	26	**911**	2,101
Finance costs	26	**(6,681)**	(4,589)
Net finance costs		**(5,770)**	(2,488)
Share of profit of joint ventures, net of tax		**4,853**	1,878
Loss before tax		**(85,743)**	(51,830)
Tax credit/(expense)	27	**699**	(908)
Loss for the year		**(85,044)**	(52,738)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		**(9,824)**	5,159
Exchange differences on monetary items forming part of net investment in a foreign operation		**(4,390)**	1,846
Net change in fair value of equity investment at fair value through other comprehensive income		**(67)**	–
Other comprehensive income for the year, net of tax		**(14,281)**	7,005
Total comprehensive income for the year		**(99,325)**	(45,733)
Loss attributable to:			
Owners of the Company		**(84,700)**	(50,199)
Non-controlling interests		**(344)**	(2,539)
Loss for the year		**(85,044)**	(52,738)
Total comprehensive income attributable to:			
Owners of the Company		**(97,913)**	(43,864)
Non-controlling interests		**(1,412)**	(1,869)
Total comprehensive income for the year		**(99,325)**	(45,733)
Earnings per share			
– Basic and diluted (cents)[1]	28	**(19.19)**	(11.37)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	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 2021		181,947	(4,873)	(77,720)	(9,345)	1,909	209	775	143,269	236,171	4,836	241,007
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(50,199)	(50,199)	(2,539)	(52,738)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	4,489	–	4,489	670	5,159
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	–	1,846	–	1,846	–	1,846
Total other comprehensive income		–	–	–	–	–	–	6,335	–	6,335	670	7,005
Total comprehensive income for the year		–	–	–	–	–	–	6,335	(50,199)	(43,864)	(1,869)	(45,733)
Transfer to statutory reserve		–	–	–	–	1,837	–	–	(1,837)	–	–	–
Transaction with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid	20	–	–	–	–	–	–	–	(1,104)	(1,104)	–	(1,104)
Total transactions with owners of the Company		–	–	–	–	–	–	–	(1,104)	(1,104)	–	(1,104)
At 31 December 2021		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	90,129	191,203	2,967	194,170

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Attributable to owners of the Company										
		Share capital $'000	Treasury shares $'000	Merger reserve $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2022		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	90,129	191,203	2,967	194,170
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(84,700)	(84,700)	(344)	(85,044)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	(8,756)	–	(8,756)	(1,068)	(9,824)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	–	(4,390)	–	(4,390)	–	(4,390)
Net change in fair value of equity investment of fair value through other comprehensive income		–	–	–	–	–	(67)	–	–	(67)	–	(67)
Total other comprehensive income		–	–	–	–	–	(67)	(13,146)	–	(13,213)	(1,068)	(14,281)
Total comprehensive income for the year		–	–	–	–	–	(67)	(13,146)	(84,700)	(97,913)	(1,412)	(99,325)
Transfer to statutory reserve		–	–	–	–	299	–	–	(299)	–	–	–
Transaction with owners, recognised directly in equity												
Contributions by and distributions to owners												
Purchase of treasury shares		–	(33)	–	–	–	–	–	–	(33)	–	(33)
Dividends paid	20	–	–	–	–	–	–	–	(1,104)	(1,104)	(51)	(1,155)
Total contributions by and distributions to owners		–	(33)	–	–	–	–	–	(1,104)	(1,137)	(51)	(1,188)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary with non-controlling interest		–	–	–	–	–	–	–	–	–	2,988	2,988
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	–	2,988	2,988
Total transactions with owners of the Company		–	(33)	–	–	–	–	–	(1,104)	(1,137)	2,937	1,800
At 31 December 2022		181,947	(4,906)	(77,720)	(9,345)	4,045	142	(6,036)	4,026	92,153	4,492	96,645

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	2022 $'000	2021 $'000
Cash flows from operating activities		
Loss from operating activities	**(84,826)**	(51,220)
Adjustments for:		
Depreciation and amortisation	**13,916**	15,548
Gain on disposal of:		
– investment properties	**(757)**	–
– property, plant and equipment	**(158)**	(2,198)
Impairment arising from property development business:		
– allowance for diminution in value of development properties	**3,084**	17,541
– impairment loss on amount due from non-controlling interest	**–**	2,675
Impairment loss on:		
– contract assets	**5,067**	–
– investment in a joint venture	**2,618**	–
– trade receivables	**142**	12
Reversal of impairment loss on trade receivables	**(12)**	(54)
Provisions	**49,000**	31,942
Written off:		
– goodwill	**221**	–
– property, plant and equipment	**6**	2
– bad debts	**395**	130
Operating cash flows before working capital changes	**(11,304)**	14,378
Inventories	**1,914**	7,032
Contract costs	**283**	(90)
Contract assets/liabilities	**(23,881)**	14,516
Development properties	**6,971**	17,199
Trade and other receivables	**(5,510)**	(5,193)
Trade and other payables	**21,907**	(43,370)
Balances with related parties (trade)	**(1,450)**	(1,625)
Cash (used in)/generated from operations	**(11,070)**	2,847
Tax paid	**(3,332)**	(1,175)
Net cash (used in)/generated from operating activities	**(14,402)**	1,672

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Dividends received from:			
– joint venture		**–**	1,050
– other investment		**–**	186
Interest received		**484**	312
Loan to a joint venture		**(2,299)**	(1,894)
Loan repayment from joint ventures		**–**	848
Other investment		**57**	–
Proceeds from disposal of:			
– property, plant and equipment		**244**	2,340
– investment property		**943**	–
Purchase of:			
– subsidiaries, net of cash acquired	36	**1,957**	–
– property, plant and equipment		**(8,312)**	(7,626)
– intangible assets		**(146)**	(30)
Net cash used in investing activities		**(7,072)**	(4,814)
Cash flows from financing activities			
(Decrease)/Increase in deposits pledged		**(18)**	13
Release/(Decrease) in restricted cash		**165**	(8)
Dividends paid:			
– owners of the Company		**(1,104)**	(1,104)
– non-controlling interest		**(51)**	–
Interest paid		**(3,235)**	(1,691)
Purchase of treasury shares		**(33)**	–
Payments of lease liabilities		**(1,465)**	(1,889)
Proceeds from loans and borrowings		**49,422**	46,308
Repayment of loans and borrowings		**(28,214)**	(23,298)
Balances with related parties (non-trade)		**–**	(2,892)
Net cash generated from financing activities		**15,467**	15,439
Net (decrease)/increase in cash and cash equivalents		**(6,007)**	12,297
Cash and cash equivalents at beginning of the year		**55,746**	42,699
Effect of exchange rate changes on balances held in foreign currencies		**(2,664)**	750
Cash and cash equivalents at end of the year	18	**47,075**	55,746

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2023.

1 GENERAL 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.

The financial statements of the Group as at and for the year ended 31 December 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

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

There are no critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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

Note 16 – Measurement of realisable amounts of development properties
Note 24 – Revenue and costs recognition from construction contracts

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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

Note 4	–	Measurement of recoverable amounts of property, plant and equipment
Note 8	–	Measurement of recoverable amounts of investment in subsidiaries
Note 9	–	Measurement of recoverable amounts of investment in joint ventures
Note 22	–	Recognition and measurement of provisions
Note 34	–	Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

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 following notes:

Note 6	–	Investment properties
Note 34	–	Financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 1-3: *Reference to the Conceptual Framework*
- Amendment to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Other than the amendment relating to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group has adopted Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*, from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contract assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether the contract as onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note below on subsidiaries). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Loss of control

When the Group loses control over a subsidiary, it derecognised the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

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

Transactions eliminated on consolidation

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

Subsidiaries and joint ventures in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

Foreign currency transactions (Continued)

Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at fair value through other comprehensive income ("FVOCI");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Properties under construction and freehold land are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

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

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

3.4 Intangible assets and goodwill

Goodwill

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

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets and goodwill (Continued)

Other intangible assets

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

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

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

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

Patented technology

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

Licence fee

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

Computer software

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

Computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets and goodwill (Continued)

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Patented technology 5 years
- Licence fee Over the respective life of the licences of 1 to 10 years
- Computer software 3 years

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

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

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

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Depreciation

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

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

Leasehold properties 50 years

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

3.6 Assets held for sale

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost and FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, trade and other payables and amounts due to related parties.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

Cash and cash equivalents

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

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Financial guarantees

Financial guarantees are accounted for in the Group's financial statements as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.8 Impairment

Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECL on financial assets measured at amortised costs and contract assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-derivative financial assets and contract assets (Continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

Non-financial assets (Continued)

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

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

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

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

3.9 Club memberships

Club memberships are measured at cost less accumulated impairment loss.

3.10 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs are amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred.

3.11 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 3.17) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 3.8 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 3.17). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3.19).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Development properties

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

Properties under development for sale

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

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

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

Completed properties for sale

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

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

3.13 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.14 Employee benefits

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease terms of right-of-use assets are as follows:

Leasehold land	20 to 60 years
Office and storage space	2 to 3 years
Motor vehicle	1 to 2 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(i) As a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property separately in the statement of financial position and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including worker dormitory and office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(ii) As a lessor (Continued)

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.7). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.17 Revenue

Revenue from sale of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. The Group accounts for a contract modification as a separate contract if both the following conditions are present: (i) the scope of the contract increase because of the addition of promised goods or services that are distinct; and (ii) the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If the contract modification is not accounted for as a separate contract, the Group will account for the contract modifications as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue (Continued)

Revenue from construction contract and provision of engineering solutions

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control. Revenue from provision of engineering solutions include revenue from sale of precast and prefabricated components and revenue from steel and mass engineering timber work.

Revenue may be recognised over time or at a point in time following the timing of satisfaction of the PO. For construction contracts and steel and mass engineered time work contracts, each PO in the contract is considered satisfied over time when the Group has an enforceable right to payment for performance completed to date and the outcome of the PO can be reasonably measured. The progress towards the completed satisfaction of each PO is measured using the input method based on construction cost incurred to-date as compared to the estimated total construction costs. For precast and prefabricated contracts, each PO in the contract is considered satisfied at a point in time when criteria for acceptance have been satisfied.

When the outcome of the contract cannot be reasonable measured but the Group expects to recover the costs incurred in satisfying the PO, revenue is recognised only to the extent of contract costs incurred that are expected to recovered until such time that it can reasonably measure the outcome of the PO.

The likelihood of the Group suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then provision is recognised in accordance with the policy set out in Note 3.15.

Sales of development properties

Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the development property over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when:

(a) receipt of completion certificate;

(b) financial contracts are signed and registered with housing authorities in the relevant province in the People's Republic of China;

(c) receipt of 100% of the sales amount under contract; and

(d) keys are handed over to purchasers of the unit.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue (Continued)

Sales of development properties (Continued)

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of goods or services to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. The accounting policy for contract assets and contract liabilities is set out in Note 3.11.

Rental income

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.18 Government grants

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

Other government grants related to assets are recognised as a deduction in arriving at the carrying amount of the asset when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.19 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, accretion of discount implicit in retention sum receivables and implicit interest in retention sum payables.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on which the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Finance income and finance costs (Continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.20 Tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provision, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Tax (Continued)

Deferred tax asset are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

3.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Segment reporting

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

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

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

3.23 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new standards in preparing these financial statements.

- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-Current*
- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The Group is in the process of assessing the impact of these standards, interpretations and amendments to standards on its financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Freehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Total $'000
Cost								
At 1 January 2021	13,992	13,759	68,039	78,170	66,732	8,862	4,001	253,555
Additions	–	440	18	4,368	2,759	166	247	7,998
Disposals	–	–	(60)	(42)	–	–	(403)	(505)
Write-off	–	–	–	(127)	–	(4)	–	(131)
Effects of movements in exchange rates	–	(174)	(87)	(53)	(14)	(18)	15	(331)
At 31 December 2021	13,992	14,025	67,910	82,316	69,477	9,006	3,860	260,586
Acquisition of subsidiary	**–**	**–**	**313**	**–**	**–**	**12**	**45**	**370**
Additions	**–**	**–**	**45**	**1,814**	**6,202**	**251**	**–**	**8,312**
Disposals	**–**	**–**	**–**	**(1,165)**	**–**	**(181)**	**(128)**	**(1,474)**
Write-off	**–**	**–**	**–**	**(2)**	**(173)**	**(12)**	**–**	**(187)**
Transfer to assets held for sale	**(8,435)**	**(9,493)**	**(10,054)**	**–**	**–**	**–**	**–**	**(27,982)**
Effects of movements in exchange rates	**–**	**(891)**	**(462)**	**(324)**	**(67)**	**(91)**	**(30)**	**(1,865)**
At 31 December 2022	**5,557**	**3,641**	**57,752**	**82,639**	**75,439**	**8,985**	**3,747**	**237,760**
Accumulated depreciation								
At 1 January 2021	3,719	–	17,423	60,082	61,784	7,962	1,869	152,839
Depreciation for the year	516	–	2,606	5,892	3,874	377	491	13,756
Disposals	–	–	(22)	(30)	–	–	(311)	(363)
Write-off	–	–	–	(127)	–	(2)	–	(129)
Effects of movements in exchange rates	–	–	(18)	(23)	(11)	(17)	7	(62)
At 31 December 2021	4,235	–	19,989	65,794	65,647	8,320	2,056	166,041
Depreciation for the year	**516**	**–**	**2,670**	**4,325**	**3,937**	**302**	**466**	**12,216**
Disposals	**–**	**–**	**–**	**(1,131)**	**–**	**(177)**	**(80)**	**(1,388)**
Write-off	**–**	**–**	**–**	**(2)**	**(168)**	**(11)**	**–**	**(181)**
Transfer to assets held for sales	**(3,154)**	**–**	**(3,220)**	**–**	**–**	**–**	**–**	**(6,374)**
Effects of movements in exchange rates	**–**	**–**	**(123)**	**(193)**	**(64)**	**(83)**	**(25)**	**(488)**
At 31 December 2022	**1,597**	**–**	**19,316**	**68,793**	**69,352**	**8,351**	**2,417**	**169,826**
Carrying amounts								
At 1 January 2021	10,273	13,759	50,616	18,088	4,948	900	2,132	100,716
At 31 December 2021	9,757	14,025	47,921	16,522	3,830	686	1,804	94,545
At 31 December 2022	**3,960**	**3,641**	**38,436**	**13,846**	**6,087**	**634**	**1,330**	**67,934**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation for the year is analysed as follows:

	Group	
	2022 $'000	2021 $'000
Depreciation for the year	**12,216**	13,756
Depreciation included in cost of construction contracts and engineering solutions	**(6,357)**	(7,463)
Depreciation charged to profit or loss	**5,859**	6,293

Impairment test

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 properties 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 recovered amount of property, plant and equipment exceeded its carrying amount and no impairment losses were recognised.

Security

Certain property, plant and equipment are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in Note 23.

5 INTANGIBLE ASSETS

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 January 2021	12,478	264	924	13,666
Additions	–	–	30	30
Write-off	(10,711)	–	–	(10,711)
Effect of movements in exchange rates	–	–	6	6
At 31 December 2021	1,767	264	960	2,991
Additions	**–**	**–**	**146**	**146**
Effect of movements in exchange rates	**–**	**–**	**(6)**	**(6)**
At 31 December 2022	**1,767**	**264**	**1,100**	**3,131**
Accumulated amortisation and impairment losses				
At 1 January 2021	12,478	263	687	13,428
Amortisation for the year	–	–	67	67
Write-off	(10,711)	–	–	(10,711)
Effect of movements in exchange rates	–	–	6	6
At 31 December 2021	1,767	263	760	2,790
Amortisation for the year	**–**	**–**	**50**	**50**
Effect of movements in exchange rates	**–**	**–**	**(5)**	**(5)**
At 31 December 2022	**1,767**	**263**	**805**	**2,835**
Carrying amounts				
At 1 January 2021	–	1	237	238
At 31 December 2021	–	1	200	201
At 31 December 2022	**–**	**1**	**295**	**296**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

5 INTANGIBLE ASSETS (CONTINUED)

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

6 INVESTMENT PROPERTIES

	Group $'000
Cost	
At 1 January 2021	4,554
Effect of movements in exchange rates	31
At 31 December 2021	4,585
Disposal	**(290)**
Acquisition of subsidiary	**382**
Transfer to assets held for sales	**(4,021)**
Effect of movements in exchange rates	**1**
At 31 December 2022	**657**
Accumulated depreciation	
At 1 January 2021	775
Depreciation for the year	63
Effect of movements in exchange rates	(13)
At 31 December 2021	825
Depreciation for the year	**91**
Disposal	**(104)**
Transfer to assets held for sales	**(540)**
Effect of movements in exchange rates	**(1)**
At 31 December 2022	**271**
Carrying amounts	
At 1 January 2021	3,779
At 31 December 2021	3,760
At 31 December 2022	**386**

The details of the Group's investment properties as at 31 December 2022 were:

Location	Description	Existing use	Tenure of land	Lease term
9 Kaki Bukit Road 2, #03-03	1 warehouse unit	Warehouse	Leasehold	99 years (expired on 24 July 2080)

Investment properties comprise warehouse leased to third parties and held for capital appreciation.

The fair value of the investment properties as at 31 December 2022 was $386,000 (2021: $9,500,000).

Determination of fair value

The fair value of investment properties is based on market comparison approach being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The market comparison approach involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

6 INVESTMENT PROPERTIES (CONTINUED)

Investment property leased out under operating leases

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

Minimum lease receivables

The Group's total future minimum lease receivable under non-cancellable operating lease is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Within one year	**–**	8

Securities

In last financial year, one of the investment properties of the Group was mortgaged to banks to secure facilities as disclosed in Note 23.

7 RIGHT-OF-USE ASSETS

The Group leases assets including leasehold land and office and storage space. Information about leases for which the Group is a lessee is presented below.

	Leasehold land	**Office and storage space**	**Total**
	$'000	**$'000**	**$'000**
Group			
Balance at 1 January 2021	2,670	1,875	4,545
Additions	–	1,017	1,017
Depreciation charge for the year	(122)	(1,540)	(1,662)
Balance at 31 December 2021	2,548	1,352	3,900
Balance 1 January 2022	**2,548**	**1,352**	**3,900**
Additions	**–**	**525**	**525**
Depreciation charge for the year	**(122)**	**(1,437)**	**(1,559)**
Effect of movements in exchange rates	**–**	**8**	**8**
Balance at 31 December 2022	**2,426**	**448**	**2,874**

The depreciation for the year is analysed as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Depreciation for the year	**1,559**	1,662
Depreciation included in cost of construction contracts and engineering solutions	**(850)**	(897)
Depreciation charged to profit or loss	**709**	765

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

8 SUBSIDIARIES

	Company 2022 $'000	Company 2021 $'000
Unquoted shares in subsidiaries, at cost	**59,624**	59,624
Less: Allowance for impairment loss	**(5,638)**	(5,638)
	53,986	53,986

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal places of business/Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
(i) Direct subsidiary				
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors")[1]	Construction works	Singapore	**100**	100
(ii) Indirect subsidiaries				
Robin Village Development Pte. Ltd.[1]	Precast and prefabrication	Singapore	**100**	100
Tiong Seng Civil Engineering (Private) Limited[1]	Construction works	Singapore	**100**	100
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang")[2]	Property development	PRC	**83**	83

1 Audited by KPMG LLP, Singapore
2 Audited by Tianjin Grant Thornton Certified Public Accountants Co., Ltd., PRC

Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is any objective evidence that the investment in a subsidiary is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the industry performance, technology changes, operational and financing cash flow. Management also considers the financial conditions and business prospects of the investment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary.

During the year, the Company carried out a review on the recoverable amount of its investment in subsidiaries. The estimated recoverable amounts of its subsidiaries were determined based on the fair value less cost to sell of the underlying net assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

8 SUBSIDIARIES (CONTINUED)

Impairment of investment in subsidiaries (Continued)

Based on the assessment, the Company determined that impairment of $5,638,000 (2021: $5,638,000) that was provided in year 2021 still remains this year as the fair value less cost to sell of the underlying net assets of the subsidiary is lower than the carrying amount.

The movement in the allowance for impairment in respect of investment in subsidiaries during the year was as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
At 1 January	**5,638**	–
Allowance for impairment loss	**–**	5,638
At 31 December	**5,638**	5,638

9 JOINT VENTURES

	Group	
	2022	**2021**
	$'000	**$'000**
Interests in joint ventures	**11,210**	10,083
Loans to joint ventures	**12,219**	31,030
	23,429	41,113

The loans to joint ventures are unsecured, interest-free and repayable on demand. As the Group does not expect the loan to be repaid within the next twelve months from 31 December 2022, it is classified as non-current. In year 2021, the loans to joint venture bore interest ranging from 1.22% to 2.00% per annum.

Joint ventures

Details of the significant joint ventures are as follows:

Name of joint venture	Principal activities	Principal places of Business/Country of incorporation	Ownership interest 2022	Ownership interest 2021
			%	**%**
Incorporated joint ventures				
TSky Development Pte. Ltd.[1]	Property development	Singapore	**60***	60*
TSky Balmoral Pte. Ltd.[1]	Property development	Singapore	**42**	42
TSky Cairnhill Pte. Ltd.[1]	Property development	Singapore	**31**	31
Unincorporated joint ventures				
GS E&C – TSC JV (partnership)[1]	Construction works	Singapore	**30**	30
Tiong Seng-Dongah Joint Venture (partnership)[1]	Construction works	Singapore	**66***	66*

1 Audited by KPMG LLP, Singapore

* Although the Group holds more than 50% ownership interest in these entities, pursuant to contractual agreements between the Group and its joint venture partners in these companies, joint control is exercised by both parties over the key activities of these entities. Accordingly, TSky Development Pte. Ltd. and Tiong Seng-Dongah Joint Venture (partnership) are classified as joint ventures of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

9 JOINT VENTURES (CONTINUED)

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

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

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

	GS E&C – TSC JV (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	TSky Development Pte. Ltd. and its joint ventures $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2022					
Revenue	–	9,341	–		
Profit after tax/Total comprehensive income[a]	–	365	1,850		
Non-current assets	–	6,418	48,258		
Current assets[b]	6,071	12,122	60		
Non-current liabilities[c]	–	(6,400)	(54,858)		
Current liabilities[d]	(21,395)	(895)	(110)		
Net (liabilities)/assets	(15,324)	11,245	(6,650)		
Group's interest in net (liabilities)/assets of investee at beginning of the year (before the reclassification of losses to amounts due to joint ventures)	(4,597)	7,181	(5,103)	2,904	385
Share of total comprehensive income	–	241	3,728	884	4,853
Impairment on joint venture	–	–	(2,618)	–	(2,618)
Reclassification of losses to amount due to joint ventures	4,597	–	3,993	–	8,590
Carrying amount of interest in investee at end of the year	–	7,422	–	3,788	11,210

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

9 JOINT VENTURES (CONTINUED)

	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	TSky Development Pte. Ltd. and its joint ventures $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2021						
Revenue	–	–	9,717	–		
(Loss)/Profit after tax/Total comprehensive income[a]	(29)	–	394	1,363		
Non-current assets	–	–	6,275	39,302		
Current assets[b]	–	6,071	12,610	3,585		
Non-current liabilities[c]	–	–	(6,168)	(51,343)		
Current liabilities[d]	–	(21,395)	(1,837)	(49)		
Net (liabilities)/assets	–	(15,324)	10,880	(8,505)		
Group's interest in net assets/(liabilities) of investee at beginning of the year (before the reclassification of losses to amounts due to joint ventures)	1,526	(4,597)	6,921	(5,866)	2,039	23
Share of total comprehensive income	(8)	–	260	763	863	1,878
Dividends received during the year	(1,050)	–	–	–	–	(1,050)
Capital distribution from joint venture	(468)	–	–	–	–	(468)
Reclassification of losses to amount due to joint ventures	–	4,597	–	5,103	–	9,700
Carrying amount of interest in investee at end of the year	–	–	7,181	–	2,902	10,083

(a) includes:
- depreciation expense of $4,000 (2021: $4,000).
- interest expense of $45,000 (2021: $127,000).
- interest income of $894,000 (2021: $592,000).

(b) includes cash and cash equivalents of $3,588,000 (2021: 3,373,000).

(c) includes non-current financial liabilities (excluding trade and other payables and provisions) of $61,258,000 (2021: $57,511,000).

(d) includes current financial liabilities (excluding trade and other payables and provisions) of $93,000 (2021: $33,000).

The Group's share of commitment has been included in Note 31.

Details of significant judgement relating to revenue and cost recognition of construction contract undertaken by the joint ventures are set out in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

9 JOINT VENTURES (CONTINUED)

Impairment of investment in joint ventures

The Group assesses at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the industry performance, technology changes, operational and financing cash flow. Management also considers the financial conditions and business prospects of the investment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the joint venture.

During the year, the Group carried out a review on the recoverable amount of its investment in joint ventures. The estimated recoverable amounts of its subsidiaries were determined based on the fair value less cost to sell of the underlying development properties held by joint ventures.

Based on the assessment, an allowance for impairment loss amounting to $2,618,000 (2021: $Nil) was recognised in respect of the Group's investment in a joint venture as a result of decline in the recoverable amount of the underlying development property of the joint venture.

The movement in the allowance for impairment in respect of investment in joint ventures during the year was as follows:

	Group	
	2022 $'000	**2021 $'000**
At 1 January	**–**	–
Allowance for impairment loss	**2,618**	–
At 31 December	**2,618**	–

10 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Non-current					
Retention monies on construction contracts		**20,049**	15,673	**–**	–
Current					
Trade receivables		**29,442**	24,671	**–**	–
Less: Allowance for impairment loss	34(b)	**(902)**	(782)	**–**	–
		28,540	23,889	**–**	–
Advances to suppliers, trade		**42**	102	**–**	–
Retention monies on construction contracts		**11,133**	13,274	**–**	–
Deposits and prepayments		**3,095**	4,107	**37**	105
Tax prepayments		**1,681**	1,427	**–**	–
Value-added tax receivables		**2,570**	1,958	**–**	–
Other receivables		**4,684**	4,341	**1,196**	534
		51,745	49,098	**1,233**	639
Total		**71,794**	64,771	**1,233**	639

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

11 OTHER INVESTMENTS

	Group	
	2022 $'000	2021 $'000
Club membership	**390**	384
Equity investments designated as at FVOCI		
Quoted equity investments	**22**	18
Unquoted equity investments	**490**	557
	902	959

Equity investments designated as at FVOCI

The Group designated equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

No strategic investments were disposed of during 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

12 DEFERRED TAX ASSETS/(LIABILITIES)

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

	At 1 January 2021 $'000	Recognised in profit or loss (Note 27) $'000	At 31 December 2021 $'000	Recognised in profit or loss (Note 27) $'000	At 31 December 2022 $'000
Group					
Deferred tax assets					
Investment properties	93	–	93	–	**93**
Trade and other payables	2,729	(1,619)	1,110	9,808	**10,918**
Estimated benefit on loss carry forward	1,872	1,133	3,005	4,833	**7,838**
Lease liabilities	87	–	87	–	**87**
	4,781	(486)	4,295	14,641	**18,936**
Deferred tax liabilities					
Property, plant and equipment	(3,208)	571	(2,637)	(14,568)	**(17,205)**
Trade and other payables	(252)	38	(214)	174	**(40)**
	(3,460)	609	(2,851)	(14,394)	**(17,245)**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2022 $'000	2021 $'000
Deferred tax assets	**2,271**	2,276
Deferred tax liabilities	**(580)**	(832)

12 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2022	**2021**
	$'000	**$'000**
Deductible temporary differences	**36,346**	36,675
Tax losses	**157,109**	73,696
	193,455	110,371

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Except for tax losses of $20,871,000 (2021: $23,458,000) which expire in 5 to 7 years from the tax losses arise, the remaining amounts do not expire under their respective current tax legislation. Deferred tax assets have not been recognised in respect of these items because it may not be probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $17,470,000 (2021: $23,854,000) of certain overseas subsidiaries for the year ended 31 December 2022 as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

13 INVENTORIES

	Group	
	2022	**2021**
	$'000	**$'000**
Raw materials and consumables	**1,111**	1,916
Finished goods	**2,536**	3,648
	3,647	5,564

During the year, inventories of $16,986,000 (2021: $29,207,000) were recognised as an expense and included in "Cost of construction contract and engineering solutions".

14 CONTRACT COSTS

Contract costs relates to commission fees paid to property agents for securing sale contracts and direct cost incurred on the construction projects that will be used in satisfying future performance obligations which were capitalised during the year. The capitalised costs are amortised when the related revenue is recognised. During the year, $340,000 (2021: $818,000) was amortised to profit or loss. There was no impairment loss in relation to the costs capitalised.

15 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	Group	
	2022	**2021**
	$'000	**$'000**
Contract assets	**75,646**	57,599
Contract liabilities	**(74,300)**	(74,801)

NOTES TO THE FINANCIAL STATEMENTS

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15 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

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.

Significant changes in the contract assets and the contract liabilities balances during the year were as follows:

	Contract assets		Contract liabilities	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	–	**74,801**	65,258
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(74,523)**	(74,142)
Contract assets recognised at the beginning of the year reclassified to trade receivables	**(46,274)**	(42,541)	**–**	–
Recognition of revenue, net of reclassification to trade receivables during the year	**62,921**	30,620	**–**	–
Cumulative catch-up as a result of contract modifications	**1,400**	6,289	**223**	–

16 DEVELOPMENT PROPERTIES

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

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Year ended 31 December 2022

16 DEVELOPMENT PROPERTIES (CONTINUED)

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

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

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

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

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

During the year, completed development properties of $20,507,000 (2021: $25,821,000) were recognised as an expense and included in "Cost of sales of development properties".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

16 DEVELOPMENT PROPERTIES (CONTINUED)

Allowance for diminution in value (Continued)

The details of the Group's development properties as at 31 December 2022 were:

Location	Description	Intended use	Stage of completion	Expected date of completion	Land area	Gross floor area	Group's effective interest
The Equinox, Dagang, Guangang Forest Park, Tianjin, PRC	Residential development	Residential	Phase developments with expected full completion around 2025		325,000 sqm	Residential: 162,000 sqm	83%
Tranquility Residences, Xushuguan Development Zone, Suzhou, PRC	Residential development	Residential	Completed	Completed	85,509 sqm	Residential: 87,220 sqm	100%
Zizhulin, Tianjin, PRC	Commercial land	Commercial	Planning stage	Planning stage	8,000 sqm	Commercial: 12,000 sqm	80%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

17 AMOUNTS DUE FROM/(TO) RELATED PARTIES

Amounts due from related parties

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Trade amount due from:				
– joint ventures	**4,807**	4,534	**–**	–
Current				
Trade amounts due from:				
– joint ventures	**1,056**	2,241	**–**	–
– affiliated corporation	**510**	510	**–**	–
	1,566	2,751	**–**	–
Non-trade amounts due from:				
– affiliated corporations	**3**	3	**–**	–
– joint ventures	**24,430**	1,414	**–**	–
– non-controlling interests	**4,871**	5,320	**–**	–
less: allowance for impairment loss	**(3,548)**	(3,548)	**–**	–
	1,323	1,772	**–**	–
– subsidiaries	**–**	–	**104,286**	104,286
less: allowance for impairment loss	**–**	–	**(56,969)**	(4,312)
	–	–	**47,317**	99,974
	25,756	3,189	**47,317**	99,974
Loans to non-controlling interests	**3,526**	3,738	**–**	–
	30,848	9,678	**47,317**	99,974
Total amounts due from related parties	**35,655**	14,212	**47,317**	99,974

An affiliated corporation is defined as one:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The non-trade amounts due from affiliated corporations, joint ventures, non-controlling interests and subsidiaries are unsecured, interest-free and repayable on demand.

The loans to non-controlling interests comprise:

(i) an amount of $3,407,000 (2021: $3,608,000) which bears interest at 12% (2021: 12%) per annum and is secured by the non-controlling interests' shares in a subsidiary, Guangang. The amount is repayable on demand; and

(ii) an amount of $119,000 (2021: $130,000) which is secured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

17 AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONTINUED)

Amounts due to related parties

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade amounts due to:				
- joint ventures	(30)	–	–	–
- corporate shareholder	(40)	(64)	–	–
- affiliated corporation	(2,123)	(2,099)	–	–
	(2,193)	(2,163)	–	–
Non-trade amounts due to:				
- subsidiary	–	–	(64,964)	(63,305)
- joint ventures	(6,208)	(8,250)	–	–
	(6,208)	(8,250)	(64,964)	(63,305)
Loans from non-controlling interests	(2,048)	(2,233)	–	–
Total amounts due to related parties	(10,449)	(12,646)	(64,964)	(63,305)

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

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at banks and in hand	43,735	53,334	88	229
Fixed deposits	3,897	3,152	–	–
Cash and bank balances	47,632	56,486	88	229
Deposits pledged	(557)	(575)		
Restricted cash	–	(165)		
Cash and cash equivalents in the statement of cash flows	47,075	55,746		

Cash and bank balances totalling $11,369,000 (2021: $36,883,000) are held in a country which operates foreign exchange controls.

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group was 0.80% (2021: 0.57%) per annum.

The deposits are pledged as security to obtain bank loans as disclosed in Note 23.

19 ASSETS HELD FOR SALE

In December 2022, the Group has committed to sell one of its investment properties and certain properties classified under property, plant and equipment. The sales are expected to be completed in the next 12 months and accordingly, these properties are presented as assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

19 ASSETS HELD FOR SALE (CONTINUED)

The details of the properties classified as assets held for sale as at 31 December 2022 were:

Description	Category
SLF building	Investment properties
6 Tuas South Street 11	Leasehold land and leasehold properties under property, plant and equipment
Pontian land	Freehold land under property, plant and equipment

	Group	
	2022 $'000	2021 $'000
SLF building	3,481	–
6 Tuas South Street 11	12,115	–
Pontian land	9,493	–
	25,089	–

20 SHARE CAPITAL

	2022		2021	
	No of shares	$'000	No of shares	$'000
Issued and fully paid ordinary shares, with no par value				
At 1 January	**441,419,549**	**177,074**	441,419,549	177,074
Treasury shares	**(342,900)**	**(33)**	–	–
At 31 December	**441,076,649**	**177,041**	441,419,549	177,074

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

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return of capital which the Group defines as loss attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2022 was a loss of 91.9% (2021: a loss of 26.3%). The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

20 SHARE CAPITAL (CONTINUED)

Dividends

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

	Group and Company	
	2022	2021
	$'000	$'000
Paid by the Company to owners of the Company		
0.25 cent (2021: 0.25 cent share) per qualifying ordinary share	**1,104**	1,104

	Group	
	2022	2021
	$'000	$'000
Paid by a subsidiary to non-controlling interest		
0.25 dollar per qualifying ordinary share	**51**	–

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2022	2021
	$'000	$'000
Nil (2021: 0.25 cent share) per qualifying ordinary share	**–**	1,104

21 RESERVES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Merger reserve	**(77,720)**	(77,720)	**(45,850)**	(45,850)
Capital reserve	**(9,345)**	(9,345)	**–**	–
Statutory reserve	**4,045**	3,746	**–**	–
Foreign currency translation reserve	**(6,036)**	7,110	**–**	–
Fair value reserve	**142**	209	**–**	–
	(88,914)	(76,000)	**(45,850)**	(45,850)

Merger reserve

Group

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

Company

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

21 RESERVES (CONTINUED)

Capital reserve

The Group's capital reserve arises mainly from acquisition of additional interest in subsidiaries.

Statutory reserve

The Group follows the accounting principles and relevant financial regulations of the PRC applicable to sino-foreign equity joint venture enterprises ("PRC GAAP – EJV"), wholly foreign-owned enterprises ("PRC GAAP – WFOE") or enterprises established in the PRC ("PRC GAAP") in the preparation of the accounting records and financial statements.

Pursuant to accounting regulations for sino-foreign equity joint venture enterprises (**中华人民共和国中外合资经营企业法实施条例**), sino-foreign equity joint venture enterprises ("EJV") are required to appropriate profit to the statutory reserve. Appropriation to the statutory reserve is determined by the board of directors based on the profit arrived at in accordance with PRC GAAP – EJV for each year.

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

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

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign corporations; and

(b) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of equity investments designated at FVOCI.

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current				
Retention sums payable	**12,267**	9,847	**–**	–
Current				
Trade payables	**56,416**	30,327	**–**	–
Accrued trade payables	**34,778**	24,053	**–**	–
Accrued operating expenses and other payables	**14,511**	12,902	**207**	254
Retention sums payable	**13,177**	15,545	**–**	–
Provisions	**79,822**	46,730	**–**	–
	198,704	129,557	**207**	254
Total	**210,971**	139,404	**207**	254

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

22 TRADE AND OTHER PAYABLES (CONTINUED)

Provisions

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

The provisions for penalties and onerous contracts made during the year have been included in "Costs of sales of development properties", "Other expenses" and "Cost of construction contracts and engineering solutions" respectively.

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

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.

23 LOANS AND BORROWINGS

	Group 2022 $'000	Group 2021 $'000
Non-current		
Secured bank loans	**15,802**	31,130
Lease liabilities	**3,229**	3,783
	19,031	34,913
Current		
Secured bank loans	**91,742**	54,879
Lease liabilities	**1,040**	1,121
	92,782	56,000
Total loans and borrowings	**111,813**	90,913

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

23 LOANS AND BORROWINGS (CONTINUED)

Maturities of liabilities (excluding lease liabilities)

	Group	
	2022 $'000	**2021 $'000**
Within one year	**91,742**	54,879
Between one and five years	**14,311**	29,309
More than five years	**1,491**	1,821
	107,544	86,009

Security

The secured bank loans are secured on the following assets:

	Group	
	2022 $'000	**2021 $'000**
Carrying amounts of assets:		
Leasehold land	**3,961**	9,757
Freehold land	**3,641**	14,025
Leasehold properties	**36,102**	45,505
Investment properties	**–**	3,574
Plant and machinery	**1,352**	621
Fixed deposits	**557**	575
Assets held for sale	**25,089**	–
Total	**70,702**	74,057

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

Terms and debt repayment schedule

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

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
Group				
At 31 December 2022				
Secured bank loans	**SGD**	**1.71 – 5.88**	**2023 – 2032**	**107,544**
Lease liabilities	**SGD**	**2.15 – 3.80**	**2023 – 2055**	**4,269**
Total loans and borrowings				**111,813**
At 31 December 2021				
Secured bank loans	SGD	1.67 – 3.15	2022 – 2032	86,009
Lease liabilities	SGD	2.15 – 3.80	2022 – 2055	4,904
Total loans and borrowings				90,913

The Group has a secured revolving credit facility with a carrying amount of $1,000,000 as at 31 December 2022. This revolving credit contains a covenant stating that the Group's tangible net worth has to be at least $200 million. As at 31 December 2022, the Group's tangible net worth was below the threshold. Subsequent to year end, the bank has indicated to the Group that the covenant to comply with tangible net worth of $200 million for the financial year ended 31 December 2022 has been waived.

23 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

Group	Liabilities			Equity					
	Amounts due to related parties $'000	Secured bank loans $'000	Lease liabilities $'000	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2021	18,243	63,000	5,404	181,947	(4,873)	(84,172)	143,269	4,836	327,654
Changes from financing cash flows									
Dividends paid to owners of the Company	–	–	–	–	–	–	(1,104)	–	(1,104)
Interest paid	–	(1,522)	(169)	–	–	–	–	–	(1,691)
Payments of lease liabilities	–	–	(1,889)	–	–	–	–	–	(1,889)
Proceeds from loans and borrowings	–	46,308	–	–	–	–	–	–	46,308
Repayment of loans and borrowings	–	(23,298)	–	–	–	–	–	–	(23,298)
Balances with related parties (non-trade)	(2,892)	–	–	–	–	–	–	–	(2,892)
Total changes from financing cash flows	(2,892)	21,488	(2,058)	–	–	–	(1,104)	–	15,434
The effect of changes in foreign exchange rates	–	–	–	–	–	6,335	–	670	7,005
Other changes									
Liability-related									
New leases	–	–	1,389	–	–	–	–	–	1,389
Interest expense	–	1,522	169	–	–	–	–	–	1,691
Others	(2,705)	(1)	–	–	–	–	–	–	(2,706)
Total liability-related other changes	(2,705)	1,521	1,558	–	–	–	–	–	374
Total equity-related other changes	–	–	–	–	–	1,837	(52,036)	(2,539)	(52,738)
Balance at 31 December 2021	12,646	86,009	4,904	181,947	(4,873)	(76,000)	90,129	2,967	297,729

23 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities and equity to cash flows arising from financing activities (Continued)

	Liabilities			Equity					
Group	**Amounts due to related parties $'000**	**Secured bank loans $'000**	**Lease liabilities $'000**	**Share capital $'000**	**Treasury shares $'000**	**Reserves $'000**	**Retained earnings $'000**	**Non-controlling interests $'000**	**Total $'000**
Balance at 1 January 2022	12,646	86,009	4,904	181,947	(4,873)	(76,000)	90,129	2,967	297,729
Changes from financing cash flows									
Dividends paid to									
– Owners of the Company	–	–	–	–	–	–	(1,104)	–	(1,104)
– Non-Controlling Interests	–	–	–	–	–	–	–	(51)	(51)
Interest paid	–	(3,018)	(217)	–	–	–	–	–	(3,235)
Purchase of treasury shares	–	–	–	–	(33)	–	–	–	(33)
Payments of lease liabilities	–	–	(1,465)	–	–	–	–	–	(1,465)
Proceeds from loans and borrowings	–	48,705	717	–	–	–	–	–	49,422
Repayment of loans and borrowings	–	(27,756)	(458)	–	–	–	–	–	(28,214)
Transfer statutory reverse	–	–	–	–	–	299	(299)	–	–
Total changes from financing cash flows	–	17,931	(1,423)	–	(33)	299	(1,403)	(51)	15,320
The effect of changes in foreign exchange rates	–	–	–	–	–	(13,213)	–	(1,068)	(14,281)
Other changes									
Liability-related									
New leases	–	–	525	–	–	–	–	–	525
Interest expense	–	3,018	217	–	–	–	–	–	3,235
Others	(2,197)	586	46	–	–	–	–	–	(1,565)
Total liability-related other changes	(2,197)	3,604	788	–	–	–	–	–	2,195
Total equity-related other changes	–	–	–	–	–	–	(84,700)	2,644	(82,056)
Balance at 31 December 2022	10,449	107,544	4,269	181,947	(4,906)	(88,914)	4,026	4,492	218,907

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

24 REVENUE

	Group	
	2022	**2021**
	$'000	**$'000**
Revenue from construction contracts and engineering solutions	**329,318**	258,035
Revenue from sales of development properties	**26,076**	35,347
Rental income	**346**	4
	355,740	293,386

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Construction contracts and engineering solutions

Nature of services	Construction and provision of engineering solution.
When revenue is recognised	Revenue from construction contract is recognised progressively over time using input method based on construction costs incurred to-date as compared to the estimated total construction costs.
Significant payment terms	Progress billings are issued monthly based on the amount of work certified for the month. The progress billings are payable within credit terms granted by the Group to the customers.
Nature of services	Manufacturing and supply of precast and prefabricated components.
When revenue is recognised	Revenue from precast and prefabricated components is recognised when criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued to the customers in accordance with agreed billing milestones and are payable within credit terms granted by the Group to the customers.
Nature of services	Provision of steel and mass engineered work.
When revenue is recognised	Revenue from provision of steel and mass engineered timber work is recognised progressively over time using input method based on contract costs incurred to-date as compared to the estimated total contract costs.
Significant payment terms	For steel and mass engineered timber work, progress billings are issued monthly based on the amount of work certified for the month. The progress billings are payable within credit terms granted by the Group to the customers.

Sales of development properties

Nature of services	Sales of development properties.
When revenue is recognised	Revenue is recognised when control over the property is transferred to the customer which is at the point when the key of the property is handed over to the purchaser. Upon the handover of the key, the completion certificate of the development of the property have been received, financial contracts have been signed and registered with housing authorities in the relevant province in the People's Republic of China and 100% of the sale amount under the contract have been received.
Significant payment terms	Customers are required to make payment upon signing of sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

24 REVENUE (CONTINUED)

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2022 $'000	2021 $'000
Construction contracts and engineering solutions	**1,192,522**	1,346,121
Sale of development properties	**22,445**	31,649
	1,214,967	1,377,770

The Group expects the above amounts to be recognised as revenue over the next one to three years. Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and then it recognises revenue in that amount.

Revenue and costs recognition from construction contracts

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

25 LOSS BEFORE TAX

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

		Group	
		2022	**2021**
		$'000	**$'000**
(a)	**Other income**		
	Fees from project and property management	**153**	667
	Gain on disposal of:		
	– investment property	**757**	–
	– property, plant and equipment	**158**	2,198
	– scrap parts and materials	**1,060**	517
	Government grants:		
	– jobs support scheme	**–**	3,569
	– levy rebates	**1,491**	1,273
	– others	**557**	523
	Training and testing fee income	**461**	44
	Consultancy services fees	**–**	181
	Management fees	**301**	650
	Others	**701**	93
		5,639	9,715

		Group	
		2022	**2021**
		$'000	**$'000**
(b)	**Other expenses include**		
	Direct operating expenses arising from:		
	– rental of investment properties	**5**	6
	– investment property that did not generate rental income	**101**	101
	Impairment loss arising from property development business		
	– allowance for diminution in value of development properties	**3,084**	17,541
	– impairment loss on amount due from non-controlling interest	**–**	2,675
	Net impairment loss/(reversal of impairment loss) on:		
	– contract assets	**5,067**	–
	– investment in a joint venture	**2,618**	–
	– trade receivable	**130**	(42)
	Fine and penalty	**1**	1
	Written off:		
	– goodwill	**221**	–
	–property, plant and equipment	**6**	2
	– bad debts	**395**	130
(c)	**Staff costs**		
	Wages and salaries for staff	**57,339**	50,337
	Contribution to defined contribution plans	**3,176**	2,786
	Increase in liability for short-term accumulating compensated absence	**1,345**	1,354
	Others	**808**	643
	Staff costs for the year	**62,668**	55,120

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

25 LOSS BEFORE TAX (CONTINUED)

The staff costs charged to profit or loss are arrived at as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Staff costs for the year	**62,668**	55,120
Staff costs included in cost of construction contracts	**(43,286)**	(35,836)
Staff costs charged to profit or loss	**19,382**	19,284

26 FINANCE INCOME AND COSTS

	Group	
	2022	**2021**
	$'000	**$'000**
Recognised in profit or loss		
Accretion of discount implicit in retention sum receivables	**–**	71
Implicit interest in retention sum payables	**427**	938
Interest income on:		
– cash and cash equivalents	**484**	312
Exchange gain (net)	**–**	780
Finance income	**911**	2,101
Recognised in profit or loss		
Interest expense on:		
– bank loans	**(3,018)**	(1,522)
– lease liabilities	**(217)**	(169)
Accretion of implicit interest on:		
– retention sum payables	**–**	(607)
– advanced consideration received	**(1,047)**	(780)
Discount implicit in retention sum receivables	**(2,247)**	(1,511)
Exchange loss (net)	**(152)**	–
Finance costs	**(6,681)**	(4,589)
Net finance costs recognised in profit or loss	**(5,770)**	(2,488)
The above finance income and finance costs include the following interest income and expenses in respect of assets/(liabilities) not at fair value through profit or loss:		
– Total interest income on financial assets	**484**	312
– Total interest expenses on financial liabilities	**(3,235)**	(1,691)

27 TAX (CREDIT)/EXPENSE

	Group	
	2022	**2021**
	$'000	**$'000**
Tax recognised in profit or loss		
Current tax		
Current year	**1,044**	1,184
Changes in estimate related to prior years	**(3,472)**	387
	(2,428)	1,571

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 TAX (CREDIT)/EXPENSE (CONTINUED)

	Group 2022 $'000	Group 2021 $'000
Deferred tax		
Changes in unrecognised deductible temporary differences	**–**	(123)
Changes in estimate related to prior years	**(247)**	–
	(247)	(123)
Land appreciation tax		
Current year	**1,957**	248
Changes in estimate related to prior years	**19**	(788)
	1,976	(540)
Total tax (credit)/expense	**(699)**	908

Tax recognised in other comprehensive income

	2022 Before tax $'000	2022 Tax expense $'000	2022 Net of tax $'000	2021 Before tax $'000	2021 Tax expense $'000	2021 Net of tax $'000
Group						
Translation differences for foreign operations	**(9,824)**	**–**	**(9,824)**	5,159	–	5,159
Exchange differences on monetary items forming part of net investment in foreign operations	**(4,390)**	**–**	**(4,390)**	1,846	–	1,846
Realisation of exchange differences on monetary items transferred to income statement	**(67)**	**–**	**(67)**	–	–	–
	(14,281)	**–**	**(14,281)**	7,005	–	7,005

	Group 2022 $'000	Group 2021 $'000
Reconciliation of effective tax rate		
Loss before tax	**(85,743)**	(51,830)
Less: Share of (profit)/loss of joint ventures, net of tax	**(4,853)**	(1,878)
Loss before tax excluding share of results of joint ventures	**(90,596)**	(53,708)
Tax expenses using domestic rates applicable to different jurisdictions	**(15,348)**	(10,023)
Expenses not deductible for tax purposes	**2,480**	1,717
Income not subject to tax	**(795)**	(1,512)
Deferred tax benefits not recognised	**14,780**	11,009
Effect of land appreciation tax	**1,957**	248
Changes in estimates related to prior years:		
– Current tax	**(3,472)**	387
– Deferred tax	**(247)**	–
– Land appreciation tax	**19**	(788)
Others	**(73)**	(130)
	(699)	908

27 TAX (CREDIT)/EXPENSE (CONTINUED)

Tax recognised in other comprehensive income (Continued)

Land appreciation tax

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

Income and revenue taxes

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

28 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ("EPS") was based on the loss attributable to the ordinary shareholders of $85,571,000 (2021: $50,199,000) and a weighted average number of ordinary shares outstanding of 441,355,673 (2021: 441,419,549), calculated as follows:

Loss attributable to ordinary shareholders

	Group	
	2022	**2021**
	$'000	**$'000**
Loss attributable to ordinary shareholders	**(84,700)**	(50,199)

Weighted average number of ordinary shares

		Number of shares	
	Note	**2022**	**2021**
		'000	**'000**
Issued ordinary shares at 1 January	20	**441,420**	441,420
Effect of treasury shares		**(64)**	–
Weighted average number of ordinary shares during the year		**441,356**	441,420

There are no potential dilutive ordinary shares in existence for the years presented.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

29 OPERATING SEGMENTS

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.

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

29 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Construction $'000	Engineering solutions $'000	Property development $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2022							
External revenues	299,481	29,837	26,076	355,394	346	–	355,740
Inter-segment revenue	–	20,315	–	20,315	–	(20,315)	–
Interest income	824	2	423	1,249	393	(1,158)	484
Interest expenses	(2,294)	(974)	(352)	(3,620)	(773)	1,158	(3,235)
Gain on disposal of:							
– property, plant and equipment	158	–	–	158	–	–	158
– investment property	757	–	–	757	–	–	757
Impairment loss arising from property development business: allowance for diminution in value of development properties	–	–	(3,084)	(3,084)	–	–	(3,084)
Impairment on contract assets	–	(5,067)	–	(5,067)	–	–	(5,067)
Provision	(46,366)	(1,298)	(1,336)	(49,000)	–	–	(49,000)
Depreciation and amortisation	(8,824)	(5,017)	(30)	(13,871)	(45)	–	(13,916)
Reportable segment loss before tax	(58,838)	(21,835)	(6,855)	(87,528)	(3,068)	–	(90,596)
Share of gain of joint ventures, net of tax							4,853
Loss before tax							(85,743)
Tax credit							699
Loss for the year							(85,044)
Reportable segment assets	229,986	55,391	184,814	470,191	14,162	–	484,353
Investment in joint ventures	10,584	626	12,219	23,429	–	–	23,429
Total assets							507,782
Reportable segment liabilities	323,403	48,108	39,340	410,851	286	–	411,137
Capital expenditure	4,622	5,100	10	9,732	3	–	9,735

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

29 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Construction $'000	Engineering solutions $'000	Property development $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2021							
External revenues	190,632	67,403	35,347	293,382	4	–	293,386
Inter-segment revenue	–	17,752	–	17,752	–	(17,752)	–
Interest income	1,200	5	284	1,489	355	(1,532)	312
Interest expenses	(883)	(812)	(346)	(2,041)	(1,124)	1,474	(1,691)
Gain on disposal of property, plant and equipment	2,198	–	–	2,198	–	–	2,198
Impairment arising from property development business:							
– allowance for diminution in value of development properties	–	–	(17,541)	(17,541)	–	–	(17,541)
– amount due from non-controlling interest	–	–	(2,675)	(2,675)	–	–	(2,675)
Provision	(31,296)	–	(646)	(31,942)	–	–	(31,942)
Depreciation and amortisation	(9,315)	(6,133)	(51)	(15,499)	(49)	–	(15,548)
Reportable segment loss before tax	(33,077)	(1,380)	(17,563)	(52,020)	(1,688)	–	(53,708)
Share of gain of joint ventures, net of tax							1,878
Loss before tax							(51,830)
Tax expense							(908)
Loss for the year							(52,738)
Reportable segment assets	177,422	74,213	211,319	462,954	15,754	–	478,708
Investment in joint ventures	9,497	586	31,030	41,113	–	–	41,113
Total assets							519,821
Reportable segment liabilities	229,816	45,143	50,172	325,131	520	–	325,651
Capital expenditure	3,937	5,057	15	9,009	36	–	9,045

* Rental and general corporate activities

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

29 OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The construction, engineering solutions and property development segments are mainly domiciled in Singapore and the PRC respectively.

	Revenue from external customers		Non-current assets*	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
Singapore	**329,664**	258,039	**87,447**	124,517
PRC	**26,076**	35,347	**182**	266
PNG	**–**	–	**3**	193
Europe	**–**	–	**87**	90
Malaysia	**–**	–	**7,200**	18,453
	355,740	293,386	**94,919**	143,519

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

Major customers

During the financial year ended 31 December 2022, revenue from major customers of the Group's construction segment amounted to approximately $162,366,000 (2021: $33,351,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year were as follows:

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

30 LEASES

Leases as lessee

The Group leases leasehold land, office and storage space, worker dormitory, office equipment and motor vehicle. The leases run for a period of 1 to 30 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases worker dormitory and office equipment with contract terms of up to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

(i) Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Interest on lease liabilities	**217**	169
Expenses relating to short-term leases	**382**	39
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**36**	36

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

30 LEASES (CONTINUED)

Leases as lessee (Continued)

(ii) Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Total cash outflow for leases		
– Interest paid	**217**	169
– Payment of lease liabilities	**1,465**	1,889
	1,682	2,058

(iii) Commitment relating to short-term leases and leases of low-value assets

The Group applied practical expedients, therefore the Group did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application and leases of low value assets. Non-cancellable operating leases rentals for these leases are as follows:

	2022 $'000	2021 $'000
Less than one year	**72**	91
Between one and five years	**34**	68
	106	159

31 COMMITMENTS

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

	Group	
	2022 $'000	2021 $'000
Developmental costs contracted but not provided for:		
– subsidiaries	**6,842**	13,591
– joint ventures	**8,893**	22,346
	15,735	35,937

32 FINANCIAL GUARANTEE CONTRACTS

(a) Guaranteed performance bonds

Certain subsidiaries have obtained guarantee from the banks to provide performance bonds to the customers amounting to $93,225,000 (2021: $119,268,000).

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

The Company accounts for its financial guarantees as insurance contracts. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows. At reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantee contracts. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

The Company issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for their wholly-owned subsidiaries amounting to $547,633,000 (2021: $652,168,000). As at 31 December 2022, $185,226,000 (2021: $202,887,000) of the banking facilities was utilised. At the reporting date, the Company does not consider it probable that the claims will be made against the Company under the guarantee.

33 RELATED PARTIES

(a) Key management personnel compensation

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

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

	Group	
	2022 $'000	2021 $'000
Short-term employee benefits	**3,714**	2,975
Employer's contribution to Central Provident Fund	**119**	98
	3,833	3,073
Directors' fees paid by the Company	**350**	325

(b) Other related party transactions

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

	Group	
	2022 $'000	2021 $'000
Affiliated corporations		
Lease of storage space	**(721)**	(2,059)
Hiring charges	**(2,386)**	(3,524)
Consultancy fees	**(333)**	–
Joint venture		
Recharge of staff costs	**–**	(635)
Construction revenue	**3,933**	8,035

34 FINANCIAL INSTRUMENTS

Financial risk management

(a) Overview

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

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

In addition, the Group has identified climate risk as an emerging risk arising from financial instruments that has a growing impact on the Group's activities. This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk considering climate, and the Group's management of capital.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

(a) Overview (Continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

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

(b) Credit risk

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

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

Trade and other receivables and contract assets

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Over 99% (2021: 99%) of the Group's revenue is attributable to transactions in Singapore and the PRC. Consequently, the risk of non-payment from the Group's trade receivables is affected by any unfavourable economic changes to the Singapore construction and engineering solutions industry and the PRC property development market.

The Group has established a credit policy and the exposures to credit risk are monitored on an ongoing basis. The contracting parties with the Group for the construction, precast, prefabrication, steel and mass engineered timber projects are either companies with good reputation in the market, listed on the Singapore Stock Exchange or government agencies. As for sales of properties, sales proceeds are fully settled before delivery of properties.

Monies due from customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

The Group does not require collateral in respect of trade and other receivables and contract assets. The Group does not have trade and other receivables and contract assets for which no loss allowance is recognised because of collateral.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

Trade and other receivables and contract assets (Continued)

Exposure to credit risk

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group			
	31 December 2022		31 December 2021	
	$'000	%	$'000	%
Singapore	**103,553**	**99.4**	81,291	99.7
Europe	**175**	**0.2**	187	0.2
Malaysia	**458**	**0.4**	10	0.1
Total	**104,186**	**100.0**	81,488	100.0

The exposure to credit risk for trade receivables and contract assets at the reporting date by industry sectors was:

	Group			
	31 December 2022		31 December 2021	
	$'000	%	$'000	%
Construction	**94,175**	**90.4**	58,566	71.9
Engineering solutions	**10,011**	**9.6**	22,922	28.1
Total	**104,186**	**100.0**	81,488	100.0

As at 31 December 2022, approximately 66% (2021: 71%) of the Group's trade receivables were due from 5 major customers.

Expected credit loss assessment for customers as at 31 December 2022

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a large number of small balances.

The allowance matrix is based on loss rates determined based on actual credit loss experience over the past three years, current economic conditions and the Group's view of economic conditions over the expected lives of the recoverables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecasted gross domestic product and is in the range of -4.1% to 7.6% (2021: -3.41% to 3.22%) for overall market condition.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

Trade and other receivables and contract assets (Continued)

Expected credit loss assessment for customers as at 31 December 2022 (Continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers.

	Group			
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
2022				
Current (not past due)	**0.00**	**84,658**	**(5,067)**	**Yes**
Past due 1 – 30 days	**0.00**	**15,275**	**–**	**No**
Past due 31 – 60 days	**0.00**	**6,547**	**–**	**No**
More than 60 days	**24.55**	**3,675**	**(902)**	**Yes**
		110,155	**(5,969)**	
2021				
Current (not past due)	0.00	76,384	–	No
Past due 1 – 30 days	0.00	4,590	–	No
Past due 31 – 60 days	0.00	1	–	No
More than 60 days	60.39	1,295	(782)	Yes
		82,270	(782)	

Movement in allowance for impairment in respect of trade receivables and contract assets

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

	Group	
	2022 $'000	2021 $'000
At 1 January	**782**	832
Impairment loss recognised	**5,209**	12
Reversal of impairment loss	**(12)**	(54)
Effect of movement in exchange rate	**(10)**	(8)
At 31 December	**5,969**	782

Amount due from related parties

The Group and Company held receivables from its related parties of $35,655,000 (2021: $14,212,000) and $47,317,000 (2021: $99,974,000) respectively (refer to Note 17). Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), the Group made an allowance for impairment loss of $3,548,000 (2021: $3,548,000) on the non-trade amounts due from non-controlling interest taking into consideration the continued operating losses of its underlying investment made with the receivables amounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (Continued)

Amount due from related parties (Continued)

Movement in allowance for impairment in respect of amounts due from related parties

The movement in allowance for impairment in respect of amounts due from related parties during the year was as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 January	**3,548**	873
Impairment loss recognised	**–**	2,675
At 31 December	**3,548**	3,548

Other receivables and loans to joint ventures

Impairment on these balances have been measured on the 12-month expected loss basis which reflects the low credit risk of exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $47,632,000 (2021: $56,486,000) and $88,000 (2021: $229,000) respectively at 31 December 2022 respectively. The cash and cash equivalents are held with banks, which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is insignificant.

(c) Liquidity risk

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

Management of liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including raising loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term. The Board confirmed that there is no breach of financial covenants for all the major outstanding loans balances as at 31 December 2022 except for the breach that is disclosed in Note 23 and on this basis, banks will continue providing support to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (Continued)

Management of liquidity risk (Continued)

At 31 December 2022, the Group maintains the following lines of credit:

- $3,600,000 (2021: $3,600,000) of secured overdraft facilities, of which $Nil (2021: $Nil) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $244,071,000 (2021: $256,382,000) that can be drawn down to meet short-term financing needs. An amount of $92,003,000 (2021: $86,009,000) has been drawn down at the reporting date.

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

Other than actively engaging banks to securing sufficient committed lines of funding, management has also taken the following measures to improve the Group's cash flows position:

- Completing the existing projects in a timely manner and to free up the Group's capacity to take on new and profitable projects.

- Actively tendering for new contracts with good pricing.

- Continuously working with the customers to claim for prolongation costs incurred during the COVID-19 period.

- Continuously seek improvements in the construction and production efficiencies through technological enhancements and innovative solutions and digitalisation in order to further reduce labour and materials cost pressure.

- Identifying non-core properties that can be realised to capture the rising property prices and to enhance the Group's cash flows position.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Cash flows Between 1 and 5 years $'000	More than 5 years $'000
Group					
At 31 December 2022					
*Trade and other payables**					
Trade payables	**56,416**	**56,416**	**56,416**	**–**	**–**
Accrued trade payables	**34,778**	**34,778**	**34,778**	**–**	**–**
Accrued operating expenses and other payables	**13,166**	**13,166**	**13,166**	**–**	**–**
Retention sums payable	**25,444**	**26,267**	**13,177**	**13,090**	**–**
	129,804	**130,627**	**117,537**	**13,090**	**–**
Loans and borrowings					
Secured bank loans	**107,544**	**108,452**	**92,304**	**14,589**	**1,559**
Lease liabilities	**4,269**	**5,326**	**1,160**	**1,246**	**2,920**
	111,813	**113,778**	**93,464**	**15,835**	**4,479**
Amounts due to related parties	**10,449**	**10,449**	**10,449**	**–**	**–**
Recognised financial liabilities	**252,066**	**254,854**	**221,450**	**28,925**	**4,479**

* Excluded GST payables and provisions

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (Continued)

Management of liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Cash flows Between 1 and 5 years $'000	More than 5 years $'000
Group					
At 31 December 2021					
*Trade and other payables**					
Trade payables	30,327	30,327	30,327	–	–
Accrued trade payables	24,053	24,053	24,053	–	–
Accrued operating expenses and other payables	11,421	11,421	11,421	–	–
Retention sums payable	25,392	26,503	15,545	10,958	–
	91,193	92,304	81,346	10,958	–
Loans and borrowings					
Secured bank loans	86,009	86,984	55,388	29,675	1,921
Lease liabilities	4,904	6,105	1,285	1,722	3,098
	90,913	93,089	56,673	31,397	5,019
Amounts due to related parties	12,646	12,646	12,646	–	–
Recognised financial liabilities	194,752	198,039	150,665	42,355	5,019
Company					
At 31 December 2022					
Trade and other payables					
Accrued operating expenses and other payables	**207**	**207**	**207**	**–**	**–**
Amount due to related parties	**64,964**	**64,964**	**64,964**	**–**	**–**
Recognised financial liabilities	**65,171**	**65,171**	**65,171**	**–**	**–**
At 31 December 2021					
Trade and other payables					
Accrued operating expenses and other payables	254	254	254	–	–
Amount due to related parties	63,305	63,305	63,305	–	–
Recognised financial liabilities	63,559	63,559	63,559	–	–

* Excluded GST payables and provisions

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (Continued)

Guarantees

The Company provides financial guarantees only for their wholly-owned subsidiaries.

The maximum exposure of the financial guarantee at the end of the reporting period is disclosed in Note 32. At the reporting date, the Company does not consider that it probable that the claims will be made against the Company under the financial guarantee.

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

	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Company				
31 December 2022				
Financial guarantees	**123,796**	**59,939**	**1,491**	**185,226**
31 December 2021				
Financial guarantees	124,669	78,218	–	202,887

(d) Market risk

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

Interest rate risk

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

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group	
	2022 $'000	2021 $'000
Fixed rate instruments		
Loans and borrowings	**4,269**	4,904
Variable rate instruments		
Loans and borrowings	**107,544**	86,009

34 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bp in interest rates at the reporting dates would have decreased/increased loss before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Group	
	2022 $'000	2021 $'000
100 bp increase		
Increase in loss before tax	**1,075**	860

A 100 bp decrease in interest rates at the reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

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

Currency risk

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

Exposure to currency risk

The summary quantitative data about the exposure to currency risk as reported to the management of the Group is as follows:

	RMB $'000	SGD $'000	EURO $'000	USD $'000
Group				
At 31 December 2022				
Amounts due from related parties	**4,539**	**2,680**	**3,222**	**13,624**
Cash and cash equivalents	**3,889**	**–**	**–**	**1,675**
Trade and other payables	**–**	**–**	**(988)**	**–**
Amounts due to related parties	**–**	**–**	**–**	**(13,634)**
	8,428	**2,680**	**2,234**	**1,665**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (Continued)

Currency risk (Continued)

Exposure to currency risk (Continued)

	RMB $'000	SGD $'000	EURO $'000	USD $'000
Group				
At 31 December 2021				
Amounts due from related parties	4,962	2,450	3,285	13,758
Cash and cash equivalents	3	–	–	1,567
Trade and other payables	–	–	(1,008)	–
Amounts due to related parties	–	–	–	(13,618)
	4,965	2,450	2,277	1,707

Sensitivity analysis

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

	Loss before tax 2022 $'000	2021 $'000
Group		
RMB	**843**	497
SGD	**268**	245
EURO	**223**	228
USD	**166**	171

(e) Insurance risk

The Company issued financial guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) granted to subsidiaries of the Group. Please refer to Note 32 and Note 34(c) for details.

34 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Climate-related risks

The Group recognised that climate change has impact on their operations and aims to enhance their understanding of risks and opportunities. With better awareness, the Group can place more emphasis on climate change by responding to climate risks and taking climate action. The Group has set up a Risk and Environmental, Social, Governance Committee, which is responsible for setting the strategic direction of the Group, monitoring the sustainability performance and the oversight of sustainability-related matters (including climate-related) within the Group.

The Group has adopted the Climate-related Financial Disclosure ("TCFD") developed by the Task Force set up by The Financial Stability Board. TCFD is line with SGX's Reporting Guide Practice Note 7.6 which deals with sustainability reporting disclosure. Based on TCFD, the Group has categorised climate-related risks into physical risks and transition risks.

The physical climate related risks include acute physical risks (such as floods and hurricanes, wildfires and droughts) and chronic physical risks (extreme heat and changes to precipitation patterns). These physical risks may cause disruptions on site and result in delays on planned work schedules and led to additional operational costs incurred. These risks may also result in more wear and tears on the equipment and lead to more maintenance and repairs.

The transition climate related risks include increase in raw material costs, consumers' preference for greener products and services and increase in digitalisation and technology. These may result in tighter profitability margin or a loss-making position from older contracts, additional product costs from the supply chain logistics, additional cost to be incurred on capital expenditures, training costs to operate the equipment as well as opportunity costs, additional data risks such as data breaches, data loss, data manipulation and data exposure.

The Group has considered the above physical and transition climate related risks in its estimation of total contract costs for construction contracts and completion date of the contracts. The Group will continue to monitor these climate-related risks and opportunities on an annual basis and try to mitigate the risk exposure while tapping on potential opportunities.

34 FINANCIAL INSTRUMENTS (CONTINUED)

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. The fair value disclosure of lease liabilities is also not required.

	Carrying amount			Fair value			
	FVOCI –equity instruments $'000	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group							
31 December 2022							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	22	–	22	22	–	–	22
Unquoted equity investments – at FVOCI	490	–	490	–	–	490	490
	512	–	512				
Financial assets not measured at fair value							
Trade and other receivables*	–	64,406	64,406				
Contract assets	–	75,646	75,646				
Amount due from related parties	–	35,655	35,655				
Cash and cash equivalents	–	47,632	47,632				
	–	223,339	223,339				
Financial liabilities not measured at fair value							
Amounts due to related parties	–	(10,449)	(10,449)				
Trade and other payables**	–	(127,643)	(127,643)				
Contract liabilities	–	(74,300)	(74,300)				
Loans and borrowings	–	(107,544)	(107,544)	–	(102,014)	–	(102,014)
	–	(319,936)	(319,936)				

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

** Excluded employee benefits, GST payables and provisions

34 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values Continued)

	Carrying amount			Fair value			
	FVOCI –equity instruments $'000	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group							
31 December 2021							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	18	–	18	18	–	–	18
Unquoted equity investments – at FVOCI	557	–	557	–	–	557	557
	575	–	575				
Financial assets not measured at fair value							
Trade and other receivables*	–	57,177	57,177				
Contract assets	–	57,599	57,599				
Amount due from related parties	–	14,212	14,212				
Cash and cash equivalents	–	56,486	56,486				
	–	185,474	185,474				
Financial liabilities not measured at fair value							
Amounts due to related parties	–	(12,646)	(12,646)				
Trade and other payables**	–	(86,105)	(86,105)				
Contract liabilities	–	(74,801)	(74,801)				
Loans and borrowings	–	(86,009)	(86,009)	–	(81,493)	–	(81,493)
	–	(259,561)	(259,561)				

* Excluded tax prepayments, value-added tax receivables, deposits and prepayments, advances to suppliers and government grant receivables
** Excluded employee benefits, GST payables and provisions

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

	Carrying amount	
	Amortised cost $'000	Total $'000
Company		
31 December 2022		
Financial assets not measured at fair value		
Trade and other receivables	**1,233**	**1,233**
Amount due from related parties	**47,317**	**47,317**
Cash and cash equivalents	**88**	**88**
	48,638	**48,638**
Financial liabilities not measured at fair value		
Trade and other payables	**(207)**	**(207)**
Amounts due to related parties	**(64,964)**	**(64,964)**
	(65,171)	**(65,171)**
31 December 2021		
Financial assets not measured at fair value		
Trade and other receivables	639	639
Amount due from related parties	99,974	99,974
Cash and cash equivalents	229	229
	100,842	100,842
Financial liabilities not measured at fair value		
Trade and other payables	(254)	(254)
Amounts due to related parties	(63,305)	(63,305)
	(63,559)	(63,559)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

34 FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values (Continued)

(i) Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial instruments measured at fair value – Group			
Unquoted equity investments – at FVOCI	The fair value of the equity investments is the net asset value of the investee entity adjusted for the fair value of the underlying properties, where applicable	Net asset value*	The estimated fair value varies directly with the net asset value of the entity.
Loan and borrowings	Discounted cash flows	Not applicable	Not applicable

* Where the underlying investment is in equity shares of an entity, management relies on yearly unaudited financial statements for the determination of fair value. The underlying assets and liabilities are mainly short-term in nature, hence management has determined that the carrying value approximates fair value.

(ii) Transfers between Level 1 and 2

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

(iii) Level 3 fair value

The following table shows 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 2022	**557**
Net change in fair value	**(67)**
At 31 December 2022	**490**

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2022 and 2021 are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

35 NON-CONTROLLING INTERESTS

The following subsidiaries have material NCI.

Name	Operating segment	Principal places of business/Country of incorporation	Ownership interest 2022 %	2021 %
Steeltech Industries Pte. Ltd. ("Steeltech")	Engineering solutions	Singapore	**29**	29
AMP Systems Pte. Ltd. ("AMP")	Provision of electrical and mechanical engineering works	Singapore	**49**	–
Tianjin Tianmen Jinwan Property Development Co., Ltd. ("Jinwan")	Property development	PRC	**50**	50
Tianjin Zizhulin Investment Co., Ltd ("Chuang Zhan")	Property development	PRC	**34**	34
Cangzhou Huashi Property Development Co., Ltd ("Cangzhou Huashi")	Property development	PRC	**59**	59
Tianjin Zizhulin Guangang Property Development Co., Ltd ("Guangang")	Property development	PRC	**17**	17
Tianjin Zizhulin Development Co., Ltd.	Property development	PRC	**20**	20

35 NON-CONTROLLING INTERESTS (CONTINUED)

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

	Steeltech $'000	AMP $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Tianjin Zizhulin Development Co., Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2022										
Revenue	12,194	2,601	–	–	–	11,608	–			
(Loss)/Profit	(1,712)	(103)	3,084	(31)	(12)	(7,466)	(1,041)			
OCI	–	–	(200)	(3,721)	(51)	(3,277)	(3,251)			
Total comprehensive income	(1,712)	(103)	2,884	(3,752)	(63)	(10,743)	(4,292)			
Attributable to NCI:										
– (Loss)/Profit	(497)	(50)	1,542	(11)	(7)	(1,269)	(208)	(22)	178	(344)
– OCI	–	–	(100)	(1,265)	(30)	(557)	(650)	72	1,462	(1,068)
– Total comprehensive income	(497)	(50)	1,442	(1,276)	(37)	(1,826)	(858)	50	1,640	(1,412)
Non-current assets	7,565	721	–	46,367	–	3,939	32,161			
Current assets	11,454	7,285	4,867	10,337	597	138,684	27,488			
Non-current liabilities	(3,393)	–	–	–	–	–	–			
Current liabilities	(7,881)	(2,010)	(1,401)	(16,402)	(225)	(110,277)	(24,873)			
Net assets	7,745	5,996	3,466	40,302	372	32,346	34,776			
Net assets attributable to NCI	2,249	2,938	1,733	13,703	219	5,499	6,955	(559)	(28,245)	4,492
Cash flows from operating activities	1,361	(308)	(421)	(86)	(123)	(3,776)	(318)			
Cash flows from investing activities	(19)	(1)	(232)	(73)	(183)	(151)	(159)			
Cash flows from financing activities	(1,018)	(179)	552	–	–	1,800	204			
Net increase/ (decrease) in cash and cash equivalents	324	(488)	(101)	(159)	(306)	(2,127)	(273)			

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

35 NON-CONTROLLING INTERESTS (CONTINUED)

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Tianjin Zizhulin Development Co., Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2021									
Revenue	27,785	–	–	–	23,226	–			
(Loss)/Profit	(2,994)	(173)	(29)	15	(17,770)	(286)			
OCI	–	30	1,928	26	2,365	1,717			
Total comprehensive income	(2,994)	(143)	1,899	41	(15,405)	1,431			
Attributable to NCI:									
– (Loss)/Profit	(868)	(86)	(10)	9	(3,021)	(57)	(22)	1,516	(2,539)
– OCI	–	15	656	16	402	343	(15)	(747)	670
– Total comprehensive income	(868)	(71)	646	25	(2,619)	286	(37)	769	(1,869)
Non-current assets	9,117	–	50,683	–	4,325	35,127			
Current assets	10,613	5,180	11,246	856	154,247	30,182			
Non-current liabilities	(3,079)	(174)	–	–	–	–			
Current liabilities	(7,184)	(4,425)	(17,873)	(246)	(115,483)	(26,241)			
Net assets	9,467	581	44,056	610	43,089	39,068			
Net assets attributable to NCI	2,745	291	14,979	360	7,325	7,814	(575)	(29,972)	2,967
Cash flows from operating activities	1,262	(174)	8	(125)	1,073	(220)			
Cash flows from investing activities	104	4,880	3,367	(187)	(305)	(2,627)			
Cash flows from financing activities	(3,096)	(4,633)	(3,129)	–	64	2,633			
Net (decrease)/increase in cash and cash equivalents	(1,730)	73	246	(312)	832	(214)			

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

36 ACQUISITION OF SUBSIDIARY

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

The acquisition was accounted for as an acquisition of business.

For the five months ended 31 December 2022, AMP contributed revenue of $2,601,000 and loss of $102,000 to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have increased by $700,000, and consolidated loss for the year would have increased by $523,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

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

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

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2022 $'000
Consideration paid to vendor	800
Consideration for subscription of shares	2,531
Total consideration	3,331
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree	2,988
Fair value of identifiable net assets	(6,098)
Goodwill	221

The acquisition resulted in a goodwill of $221,000 because the consideration transferred exceeded the fair value of assets acquired and liabilities assumed. The goodwill has been written off in the 'other expenses' in the consolidated statement of comprehensive income for the year ended 31 December 2022 considering that AMP is operating at loss during the year and the building and construction industry is still facing challenges.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

Issued and fully paid capital	:	$181,946,796
Class of shares	:	Ordinary shares
Number of issued shares (excluding treasury shares and subsidiary holdings)	:	441,076,649
Number of treasury shares held	:	18,547,200
Number of subsidiary holdings held	:	Nil
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS
As at 17 March 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	19	1.36	323	0.00
100 – 1,000	79	5.68	50,690	0.01
1,001 – 10,000	428	30.75	2,590,902	0.59
10,001 – 1,000,000	844	60.63	66,703,720	15.12
1,000,001 and above	22	1.58	371,731,014	84.28
Total	1,392	100.00	441,076,649	100.00

The Company holds 18,547,200 treasury shares as at 17 March 2023, which representing approximately 4.20% of the total number of issued ordinary shares excluding treasury shares and subsidiary holdings.

TWENTY LARGEST SHAREHOLDERS
As at 17 March 2023

No.	Name of Shareholders	No. of Shares	%
1	TIONG SENG SHAREHOLDINGS PTE. LTD.	225,397,960	51.10
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	45,800,000	10.38
3	PECK TIONG CHOON (PRIVATE) LIMITED	32,279,520	7.32
4	WAN SENG ENTERPRISES (PRIVATE) LIMITED	12,732,390	2.89
5	OCBC SECURITIES PRIVATE LIMITED	9,753,600	2.21
6	SHINGDA CONSTRUCTION PTE. LTD.	6,696,950	1.52
7	DBS NOMINEES (PRIVATE) LIMITED	6,674,185	1.51
8	ESTATE OF PEK AH TUAN, DECEASED	3,604,920	0.82
9	RAFFLES NOMINEES (PTE.) LIMITED	3,102,096	0.70
10	PAY KIAN MENG GILBERT	2,702,000	0.61
11	LEE KENG LAN	2,654,000	0.60
12	LEE KHAR HOON	2,650,000	0.60
13	ANG JUI KHOON	2,546,400	0.58
14	PHILLIP SECURITIES PTE LTD	2,252,263	0.51
15	LEE HONG CHUAN	1,650,000	0.37
16	UOB KAY HIAN PRIVATE LIMITED	1,640,600	0.37
17	ANDREW KHNG	1,585,080	0.36
18	ESTATE OF LIM KIM ENG, DECEASED	1,582,350	0.34
19	ONG GEOK TOE	1,504,900	0.36
20	HENG SIEW ENG	1,374,500	0.31
	Total	**368,183,714**	**83.46**

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

SUBSTANTIAL SHAREHOLDERS
As at 17 March 2023

Name of Substantial Shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Tiong Seng Shareholdings Pte Ltd[1]	271,197,960	61.49	–	–
Peck Tiong Choon (Private) Limited[2]	32,279,520	7.32	271,197,960	61.49
Pek Ah Tuan[3]	3,604,920	0.82	32,279,520	7.32
Lee It Hoe[4]	–	–	286,275,330	0.82

Notes:

(1) 45,800,000 out of 271,197,960 Shares of Tiong Seng Shareholdings Pte Ltd ("TSS") are registered in the name of Maybank Nominees (Singapore) Private Limited.

(2) Peck Tiong Choon (Private) Limited ("PTC") holds approximately 47.8% of the shares in TSS and is therefore deemed interested in the shares held by TSS pursuant to Section 7 of the Companies Act and Section 4 of the Securities and Futures Act ("SFA").

(3) The estate of Pek Ah Tuan, together with the associates of the late Pek Ah Tuan, collectively hold approximately 33.6% of the shares in PTC and is therefore deemed interested in the shares held by PTC pursuant to Section 7 of the Companies Act and Section 4 of the SFA.

(4) Lee It Hoe is deemed interested in the shares held by his associate, namely, his brother, Lee Yew Sim (762,630 Shares). Lee It Hoe is also deemed interested in the Shares held by him on trust for the estate of his mother, Lim Kim Eng (1,582,350 Shares), and the 12,732,390 Shares held by Wan Seng Enterprises (Private) Limited ("Wan Seng") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their shares in Wan Seng. In addition, Lee It Hoe is deemed interested in the shares held by TSS as his associates are collectively entitled to exercise control of approximately 22.7% of the Shares in TSS.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 17 March 2023, approximately 26.32% of the issued ordinary share of the Company is held by the public, and therefore the Company has complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200807295Z)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **TIONG SENG HOLDINGS LIMITED** (the "**Company**") will be held physically at Chart Room, level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Friday, 28 April 2023 at 9.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon.
(Resolution 1)

2. To re-elect Mr Ang Peng Koon Patrick retiring by rotation pursuant to Regulation 89 of the Company's Constitution.
(Resolution 2)

Mr Ang Peng Koon Patrick will, upon re-election as a Director of the Company, remain as Non-Executive Independent Director, member of Audit Committee and Chairman of the Nominating and Remuneration Committees respectively, and will be considered as independent. Mr Ang Peng Koon Patrick is considered independent by the board of directors of the Company for the purpose of Rule 704(8) of the Listing Manual. There are no relationships including family relationships between Mr Ang Peng Koon Patrick and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

3. To re-elect Dr Teo Ho Pin retiring by rotation pursuant to Regulation 89 of the Company's Constitution.
(Resolution 3)

Dr Teo Ho Pin will, upon re-election as a Director of the Company, remain as Non-Executive Independent Director and member of Audit Committee respectively, and will be considered as independent. Dr Teo Ho Pin is considered independent by the board of directors of the Company for the purpose of Rule 704(8) of the Listing Manual. There are no relationships including family relationships between Dr Teo Ho Pin and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

4. To approve the payment of Directors' fees of $350,000 for the financial year ending 31 December 2023, payable quarterly in arrears.
(Resolution 4)

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 5)

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

SPECIAL BUSINESS

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

7. **AUTHORITY TO ISSUE SHARES**

That pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

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

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

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

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

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

8. **PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the issued capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (the "**Off-Market Share Buy-Back**"),

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

(c) in this resolution:

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

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the proposed renewal of the Share Buy-Back Mandate is approved, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, or until it is varied or revoked by the Company in general meeting, after the date of the passing of this resolution (whichever is the earliest);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, stamp duties, clearance fees, applicable goods and services tax and other related expenses) not exceeding:

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

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

where:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares were recorded before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five day period and the day on which the purchases are made; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (ii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

9. **PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be entities at risk under Chapter 9 of the Listing Manual of the SGX-ST, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in section 3 of the appendix to this Notice of Annual General Meeting (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "**IPT Mandate**");

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

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate.
[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Lai Foon Kuen
Company Secretary

Singapore, 13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

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

(ii) Ordinary Resolution 7, if passed, will empower the Directors, from the date of the above Meeting until the next Annual General Meeting is held or is required by law to be held, or until it is varied or revoked by the Company in general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to this Notice of Annual General Meeting, the Act and the Listing Manual of the SGX-ST. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

(iii) Ordinary Resolution 8, if passed, renew the general mandate approved by the members of the Company on 22 April 2022 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual, and which is proposed to be renewed in the manner and on the terms set out in the Appendix. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

1. The members of the Company are invited to **attend physically** at the Annual General Meeting (the "**Meeting**" or "**AGM**") pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice will be sent to members and this Notice is also available to members on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Members, please bring along your NRIC/passport to enable the Company to verify your identity.

3. Arrangements for participation in the AGM physically

   Members (including CPFIS and SRS investors) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or

   (c) voting at the AGM

      (i) themselves personally; or (ii) through their duly appointed proxy(ies).

   CPFIS and SRS investors who wish to appoint the Chairman of the Meeting (and not third party prox(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 7 below for details.

   In the event members encountered Covid-19 like symptoms prior to the AGM, members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

4. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

5. A proxy or attorney need not be a member of the Company.

6. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the Chairman of the Meeting will vote or abstain from voting at his discretion.

NOTICE OF ANNUAL GENERAL MEETING

7. CPFIS/SRS investors who hold SGX shares through CPF Agent Banks/SRS Operators:

   (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks/SRS Operation to submit their votes at least 7 working days prior to the date of AGM ie by **5.00 p.m. on 18 April 2023**.

8. Submission of instrument of proxy or proxy ("**Proxy Form**") – **By 9.30 a.m. on 26 April 2023**

   The Proxy Form must be submitted through any one of the following means:

   (a) if sent personally or by post a physical copy at the registered office of the Company at 21 Fan Yoong Road Singapore 629796; or

   (b) by sending a scanned PDF copy by email to agm@tiongseng.com.sg,

   in either case, not less than 48 hours before the time appointed for holding the Meeting i.e. by 9.30 a.m. on 26 April 2023, and failing which, the Proxy Form will not be treated as valid.

9. A depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

10. The Company shall be entitled to, and will, treat any valid Proxy Form which was delivered by a member to the Company **before 9.30 a.m. on 26 April 2023** as a valid instrument as the member's proxy to attend, speak and vote at the Meeting if (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment by 9.30 a.m. on 26 April 2023.

11. If the member is a corporation, the Proxy Form must be under seal or the hand of an officer or attorney duly authorised.

12. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the Meeting if he/she so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the Meeting.

13. Submission of questions in advance of the Meeting – **By 20 April 2023, 9.30 a.m.**

   (a) Members may also submit questions related to the resolutions to be tabled for approval at the Meeting. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company ("**Shares**"), must be submitted no later than **9.30 a.m. on 20 April 2023** or by post to the registered office of the Company at 21 Fan Yoong Road Singapore 629796.

   (b) Please note that the Company will address substantial and relevant questions relating to the resolutions to be tabled for approval by 21 April 2023. ("**Responses to Q&A**").

   (c) The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the Meeting itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.

   (d) Minutes of AGM – The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

14. **Important reminder.** Members are reminded to check SGXNet for any latest updates on the status of the AGM.

Personal data privacy:

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

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

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TIONG SENG HOLDINGS LIMITED
(Incorporated In the Republic of Singapore)
(Company Registration No.: 200807295Z)

IMPORTANT:
1. The Annual General Meeting ("**AGM**") will be held by physically with no option to attend virtually.
2. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

PROXY FORM
(Please see notes overleaf before completing this Form)

*I/We, ______________________ (Name) ______________________ (NRIC/Passport No./Company Registration No.)

of ____ (Address)
being *a Member/Members of **Tiong Seng Holdings Limited** (the "**Company**"), hereby appoint:

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

*and/or (delete as appropriate)

or failing *him/her, the Chairman of the Annual General Meeting (the "**Meeting**") of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Meeting of the Company, to be **held physically** at Chart Room, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 **on Friday, 28 April 2023 at 9.30 a.m.** and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	Resolutions relating to:	For	Against	Abstain
ORDINARY BUSINESS				
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon			
2	To re-elect Mr Ang Peng Koon Patrick retiring by rotation pursuant to Regulation 89 of the Company's Constitution			
3	To re-elect Dr Teo Ho Pin retiring by rotation pursuant to Regulation 89 of the Company's Constitution			
4	To approve the payment of Directors' fees of $350,000 for the financial year ending 31 December 2023, payable quarterly in arrears			
5	To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
6	Authority to issue shares			
7	Proposed renewal of the Share Buy-Back Mandate			
8	Proposed renewal of the Interested Person Transactions Mandate			

** If you wish to exercise all your votes, please indicate your vote "For" or "Against" or "Abstain" with a "√" within the boxes provided. Alternatively, if you wish to exercise some and not all of your votes "For" and Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number 'Abstain" in the boxes provided for the resolutions.*

**Delete where inapplicable*

Dated this ______ day of ______________ 2023

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

____
Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

NOTES:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the register of Shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any subsequent named proxy as an alternate to the earlier named. The proxy form may be accessed on the SGX website.

5. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The instrument appointing a proxy(ies) ("**Proxy Form**") must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be lodged at the registered office of the Company at 21 Fan Yoong Road, Singapore 629796; or

   (b) if submitted electronically, be submitted via email to agm@tiongseng.com.sg

   in either case, **by not later 26 April 2023, 9.30 a.m., being at least forty-eight (48) hours before the time appointed for holding the AGM**, failing which the Proxy Form shall not be treated as valid.

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

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

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CORPORATE INFORMATION

REGISTERED OFFICE
21 Fan Yoong Road,
Singapore 629796
Tel: (65) 6356 0822
Fax: (65) 6356 0688
Company Registration Number:
200807295Z
Website: www.tiongseng.com.sg

BOARD OF DIRECTORS
Mr Ong Lay Khiam
Non-executive Chairman and
Independent Director

Mr Pay Sim Tee
CEO and Executive Director

Mr Pek Zhi Kai
Executive Director

Mr Lee It Hoe
Non-Executive Director

Mr Ang Peng Koon, Patrick
Independent Director

Dr Teo Ho Pin
Independent Director

COMPANY SECRETARY
Ms Lai Foon Kuen

AUDIT COMMITTEE
Mr Ong Lay Khiam
Chairman
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick
Dr Teo Ho Pin

NOMINATING COMMITTEE
Mr Ang Peng Koon, Patrick
Chairman
Mr Pay Sim Tee
Mr Ong Lay Khiam

REMUNERATION COMMITTEE
Mr Ang Peng Koon, Patrick
Chairman
Mr Lee It Hoe
Mr Ong Lay Khiam

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

PRINCIPAL BANKERS
Bank of China Limited
CIMB Bank
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
The Hong Kong and Shanghai
Banking Corporation
United Overseas Bank Limited

INDEPENDENT AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

Partner-in-charge
Ms Teo Han Jo
Appointed in the financial year
ended 31 December 2020

INVESTOR RELATIONS
Gem Comm Pte. Ltd.
1 Temasek Avenue Level 30
Singapore 039192
Email: connect@gem-comm.com

TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 15 April 2008)

(Company Registration No. 200807295Z)

21 Fan Yoong Road
Singapore 629796
Tel: +65 6356 0822 Fax: +65 6356 0688
www.tiongseng.com.sg