

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

**Condensed Interim Financial Statements
For the six months and full year ended 31 December 2021**

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Condensed interim consolidated statement of comprehensive income

	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	Change %	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	Change %	
Revenue							
Revenue from construction contracts and engineering solutions	4	101,636	91,924	11%	258,035	180,498	43%
Revenue from sales of development properties	4	13,014	41,718	-69%	35,347	55,412	-36%
Rental income	4	2	2	-	4	28	-86%
		<u>114,652</u>	<u>133,644</u>	-14%	<u>293,386</u>	<u>235,938</u>	24%
Other income		<u>4,072</u>	<u>10,003</u>	-59%	<u>7,517</u>	<u>19,511</u>	-61%
Costs of construction contracts and engineering solutions		(126,037)	(109,388)	15%	(270,982)	(199,195)	36%
Costs of sales of development properties		(9,750)	(35,433)	-72%	(25,821)	(44,695)	-42%
Impairment arising from property development business		(20,216)	(5,603)	>100%	(20,216)	(5,603)	>100%
Depreciation and amortisation		(3,433)	(3,930)	-13%	(7,188)	(7,517)	-4%
Selling expenses		(935)	(1,769)	-47%	(1,772)	(2,331)	-24%
Staff costs		(10,683)	(7,598)	41%	(19,284)	(16,734)	15%
Other expenses		(5,105)	(6,761)	-24%	(9,058)	(10,791)	-16%
		<u>(176,159)</u>	<u>(170,482)</u>	3%	<u>(354,321)</u>	<u>(286,866)</u>	24%
Loss from operating activities		(57,435)	(26,835)	>100%	(53,418)	(31,417)	70%.
Finance income		1,592	1,241	28%	2,101	1,542	36%
Finance costs		<u>(3,061)</u>	<u>(2,572)</u>	19%	<u>(4,589)</u>	<u>(4,884)</u>	-6%
Net finance costs		<u>(1,469)</u>	<u>(1,331)</u>	10%	<u>(2,488)</u>	<u>(3,342)</u>	-26%
Share of profit/(loss) of joint ventures, net of tax		<u>1,485</u>	<u>(1,224)</u>	N.M.	<u>1,878</u>	<u>(1,835)</u>	N.M.
Loss before tax	5	(57,419)	(29,390)	95%	(54,028)	(36,594)	48%
Tax credit/(expense)	7	1,213	3,760	-68%	(908)	1,689	N.M.
Loss for the period/year		<u>(56,206)</u>	<u>(25,630)</u>	>100%	<u>(54,936)</u>	<u>(34,905)</u>	57%

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

Condensed interim consolidated statement of comprehensive income (cont'd)

	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	Change %	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	Change %
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	2,913	3,616	-19%	5,159	5,936	-13%
Exchange differences on monetary items forming part of net investment in a foreign operation	571	1,152	-50%	1,846	2,413	-23%
Realisation of translation difference from disposal of subsidiaries	-	-	-	-	95	-100%
Other comprehensive income for the period/year, net of tax	<u>3,484</u>	<u>4,768</u>	-27%	<u>7,005</u>	<u>8,444</u>	-17%
Total comprehensive income for the period/year	<u>(52,722)</u>	<u>(20,862)</u>	>100%	<u>(47,931)</u>	<u>(26,461)</u>	81%
Loss attributable to:						
Owners of the Company	(53,773)	(22,803)	>100%	(52,397)	(31,989)	64%
Non-controlling interests	(2,433)	(2,827)	-14%	(2,539)	(2,916)	-13%
Loss for the period/year	<u>(56,206)</u>	<u>(25,630)</u>	>100%	<u>(54,936)</u>	<u>(34,905)</u>	57%
Total comprehensive income attributable to:						
Owners of the Company	(50,552)	(18,667)	>100%	(46,062)	(24,661)	87%
Non-controlling interests	(2,170)	(2,195)	-1%	(1,869)	(1,800)	4%
Total comprehensive income for the period/year	<u>(52,722)</u>	<u>(20,862)</u>	>100%	<u>(47,931)</u>	<u>(26,461)</u>	81%
Earnings per share						
- Basic and diluted (cents) ¹	<u>(12.18)</u>	<u>(5.15)</u>	>100%	<u>(11.87)</u>	<u>(7.22)</u>	64%

¹The earnings per share net of non-controlling interests has been calculated based on 441,419,549 (2020: 442,759,424) weighted average number of shares excluding treasury shares.

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

Condensed interim statements of financial position

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11	94,583	100,716	-	-
Intangible assets		201	238	-	-
Investment properties		3,760	3,779	-	-
Right-of-use assets		3,900	4,545	-	-
Subsidiaries		-	-	53,986	59,624
Associates and joint ventures		41,113	39,154	-	-
Trade and other receivables		15,673	5,829	-	-
Amount due from related parties		4,534	4,303	-	-
Other investments		959	1,145	-	-
Deferred tax assets		2,276	2,250	-	-
		<u>166,999</u>	<u>161,959</u>	<u>53,986</u>	<u>59,624</u>
Current assets					
Inventories		5,564	12,599	-	-
Contract costs		993	903	-	-
Contract assets	12	60,274	63,231	-	-
Development properties	13	173,442	199,484	-	-
Trade and other receivables		49,098	51,850	639	363
Amount due from related parties		9,678	13,697	99,974	104,436
Cash and cash equivalents		54,250	43,435	229	101
		<u>353,299</u>	<u>385,199</u>	<u>100,842</u>	<u>104,900</u>
Total assets		<u>520,298</u>	<u>547,158</u>	<u>154,828</u>	<u>164,524</u>
Equity attributable to owners of the Company					
Share capital		181,947	181,947	181,947	181,947
Treasury shares		(4,873)	(4,873)	(4,873)	(4,873)
Reserves		(76,000)	(84,172)	(45,850)	(45,850)
Retained earnings/(Accumulated losses)		87,931	143,269	(39,955)	(27,887)
		<u>189,005</u>	<u>236,171</u>	<u>91,269</u>	<u>103,337</u>
Non-controlling interests		<u>2,967</u>	<u>4,836</u>	<u>-</u>	<u>-</u>
Total equity		<u>191,972</u>	<u>241,007</u>	<u>91,269</u>	<u>103,337</u>
Non-current liabilities					
Trade and other payables		9,847	5,579	254	-
Loans and borrowings	15	25,734	28,899	-	-
Deferred tax liabilities		832	929	-	-
		<u>36,413</u>	<u>35,407</u>	<u>254</u>	<u>-</u>
Current liabilities					
Contract liabilities	12	77,476	65,917	-	-
Trade and other payables	14	129,557	140,369	-	219
Amount due to related parties		12,646	18,243	63,305	60,968
Loans and borrowings	15	65,179	39,505	-	-
Current tax payable		7,055	6,710	-	-
		<u>291,913</u>	<u>270,744</u>	<u>63,305</u>	<u>61,187</u>
Total liabilities		<u>328,326</u>	<u>306,151</u>	<u>63,559</u>	<u>61,187</u>
Total equity and liabilities		<u>520,298</u>	<u>547,158</u>	<u>154,828</u>	<u>164,524</u>

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

Condensed interim consolidated statement of changes in equity

The Group	Note	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Merger Reserve \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'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		-	-	-	-	-	-	-	(52,397)	(52,397)	(2,539)	(54,936)
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	(52,397)	(46,062)	(1,869)	(47,931)
Transfer to statutory reserve		-	-	-	-	1,837	-	-	(1,837)	-	-	-
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Dividends paid	8	-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
Total transactions with owners of the Company		-	-	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
At 31 December 2021		181,947	(4,873)	(77,720)	(9,345)	3,746	209	7,110	87,931	189,005	2,967	191,972

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

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

The Group	Note	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
At 1 January 2020		181,947	(4,452)	(77,720)	(7,279)	1,495	209	(6,553)	177,885	265,532	18,955	284,487
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(31,989)	(31,989)	(2,916)	(34,905)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	4,820	-	4,820	1,116	5,936
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	2,413	-	2,413	-	2,413
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		-	-	-	-	-	-	95	-	95	-	95
Total other comprehensive income		-	-	-	-	-	-	7,328	-	7,328	1,116	8,444
Total comprehensive income for the year		-	-	-	-	-	-	7,328	(31,989)	(24,661)	(1,800)	(26,461)
Transfer to statutory reserve		-	-	-	-	414	-	-	(414)	-	-	-
Transaction with owners, recognised directly in equity												
<i>Contributions by and distributions to owners</i>												
Purchase of treasury shares		-	(421)	-	-	-	-	-	-	(421)	-	(421)
Dividends paid	8	-	-	-	-	-	-	-	(2,213)	(2,213)	(8,453)	(10,666)
<i>Changes in ownership interests in subsidiaries</i>												
Capital reduction in a subsidiary with non-controlling interests		-	-	-	(2,066)	-	-	-	-	(2,066)	(3,866)	(5,932)
Total transactions with owners of the Company		-	(421)	-	(2,066)	-	-	-	(2,213)	(4,700)	(12,319)	(17,019)
At 31 December 2020		181,947	(4,873)	(77,720)	(9,345)	1,909	209	775	143,269	236,171	4,836	241,007

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

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

The Company	Note	<u>Attributable to owners of the Company</u>				Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Accumulated losses \$'000	
At 1 January 2021		181,947	(4,873)	(45,850)	(27,887)	103,337
Total comprehensive income for the year						
Loss for the year		-	-	-	(10,964)	(10,964)
Transactions with owner, recognized directly in equity						
Dividends paid	8	-	-	-	(1,104)	(1,104)
At 31 December 2021		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(39,955)</u>	<u>91,269</u>
At 1 January 2020		181,947	(4,452)	(45,850)	(27,755)	103,890
Total comprehensive income for the year						
Profit for the year		-	-	-	2,081	2,081
Transactions with owner, recognized directly in equity						
Purchase of treasury shares		-	(421)	-	-	(421)
Dividends paid	8	-	-	-	(2,213)	(2,213)
At 31 December 2020		<u>181,947</u>	<u>(4,873)</u>	<u>(45,850)</u>	<u>(27,887)</u>	<u>103,337</u>

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

Condensed interim consolidated statement of cash flows

	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Cash flows from operating activities		
Loss from operating activities	(53,418)	(31,417)
Adjustments for:		
Impairment arising from property development business:		
- allowance for diminution in value of development properties	17,541	4,730
- amount due from non-controlling interest	2,675	873
Net impairment loss on:		
- trade receivable	88	272
- other investments	-	340
Provisions	31,942	20,344
Depreciation and amortisation	15,078	15,445
Written off:		
- property, plant and equipment	131	2
- bad debts	-	84
Gain on disposal of:		
- property, plant and equipment	-	(612)
- assets held for sale	-	(1,585)
	14,037	8,476
Changes in:		
Inventories	7,032	(9,917)
Contract costs	(90)	140
Contract assets/liabilities	14,516	47,719
Development properties	17,199	29,610
Trade and other receivables	(5,193)	24,117
Trade and other payables	(42,830)	(67,688)
Balances with related parties	(1,625)	3,775
Cash generated from operations	3,046	36,232
Tax paid	(1,715)	(1,277)
Net cash generated from operating activities	1,331	34,955
Cash flows from investing activities		
Investment in joint venture	(1,894)	(1,963)
Loan repayment from joint ventures	848	450
Interest received	312	403
Proceeds from disposal of:		
- property, plant and equipment	445	1,096
- assets held for sale	-	1,800
Purchase of:		
- subsidiaries, net of cash acquired	-	(9,813)
- property, plant and equipment [#]	(7,998)	(3,104)
- intangible assets	(30)	-
Government grant received for purchase of property, plant and equipment	-	808
Net cash used in investing activities	(8,317)	(10,323)

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

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

	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Cash flows from financing activities		
Decrease in restricted cash	(8)	41
Increase in pledged deposit	13	-
Dividends paid to:		
- owners of the Company	(1,104)	(2,213)
- non-controlling interest [@]	-	(1,181)
Distribution from joint venture	1,236	-
Interest paid	(1,691)	(2,016)
Purchase of treasury shares	-	(421)
Payments of lease liabilities	(1,653)	(1,651)
Proceeds from loans and borrowings	46,612	39,530
Repayment of loans and borrowings	(23,460)	(67,798)
Balances with related parties (non-trade)	(2,892)	(1,970)
Net cash generated from/(used) in financing activities	17,053	(37,679)
Net increase/(decrease) in cash and cash equivalents	10,067	(13,047)
Cash and cash equivalents at beginning of the period	42,699	54,725
Effect of exchange rate changes on balances held in foreign currencies	744	1,021
Cash and cash equivalents at end of the period	53,510	42,699

Significant non-cash transactions

[#] During the financial year, the Group purchased property, plant and equipment, amounting to \$8,806,000 (2020: \$2,546,000), of which \$808,000 (2020: \$250,000) was acquired under lease arrangement.

[@] In 2020, the Group reduced the share capital of one of its subsidiaries with non-controlling interests and declared the dividend to the non-controlling interests amounting to \$3,866,000 and \$8,453,000 respectively. The dividend to the non-controlling interest amounting to \$1,181,000 was paid by cash. The remaining balances of dividend and the reduction of share capital were offset against the amount due from non-controlling interest.

Notes to the condensed interim financial statements

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

1 Corporate information

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

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

These condensed interim financial statements comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

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

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2021. The application of these standards and interpretations did not have a material effect on the condensed interim financial statements.

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2020 and is expected to have a significant effect on the amounts recognised in the condensed interim financial statements.

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

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

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

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

Measurement of fair values

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

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

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

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

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

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

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

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

3 Seasonal operations

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

4 Segment and revenue information

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

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

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

Other operations include rental and general corporate activities.

4.1 Information about reportable segments

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
1 January 2021 to 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)	1,475	(1,690)
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)	(31,296)	-	-	(31,942)
Depreciation and amortisation	(9,089)	(5,889)	(51)	(15,029)	(49)	-	(15,078)
Reportable segment loss before tax	(35,275)	(1,380)	(17,563)	(54,218)	(1,688)	-	(55,906)
Share of profit of joint ventures, net of tax							1,878
Loss before tax							(54,028)
Tax expense							(908)
Loss for the year							(54,936)
Reportable segment assets	175,224	76,888	211,319	463,431	15,754	-	479,185
Investment in associates and joint ventures	9,497	586	31,030	41,113	-	-	41,113
Total assets							520,298
Reportable segment liabilities	229,816	47,818	50,172	327,806	520	-	328,326
Capital expenditure	3,937	4,848	15	8,800	36	-	8,836

* Rental and general corporate activities

Information about reportable segments (cont'd)

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
1 January 2020 to 31 December 2020							
External revenues	148,868	31,630	55,412	235,910	28	-	235,938
Inter-segment revenue	-	9,220	-	9,220	-	(9,220)	-
Interest income	1,231	11	75	1,317	618	(1,532)	403
Interest expenses	(1,254)	(821)	(375)	(2,450)	(1,098)	1,532	(2,016)
Impairment arising from property development business:							
- allowance for diminution in value of development properties	-	-	(4,730)	(4,730)	-	-	(4,730)
- amount due from non-controlling interest	-	-	(873)	(873)	-	-	(873)
Provision	(13,300)	(2,356)	(4,688)	(20,344)	-	-	(20,344)
Depreciation and amortisation	(10,437)	(4,921)	(64)	(15,422)	(23)	-	(15,445)
Reportable segment loss before tax	(21,390)	(8,277)	(3,516)	(33,183)	(1,576)	-	(34,759)
Share of loss of joint ventures, net of tax							(1,835)
Loss before tax							(36,594)
Tax expense							1,689
Loss for the year							(34,905)
Reportable segment assets	178,947	84,819	227,431	491,197	16,807	-	508,004
Investment in associates and joint ventures	3,261	662	35,231	39,154	-	-	39,154
Total assets						-	547,158
Reportable segment liabilities	187,026	61,191	54,407	302,624	3,527	-	306,151
Capital expenditure	364	1,977	59	2,400	146	-	2,546

* Rental and general corporate activities

Information about reportable segments (cont'd)

	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
1 July 2021 to 31 December 2021							
External revenues	80,320	21,316	13,014	114,650	2	-	114,652
Inter-segment revenue	-	9,673	-	9,673	-	(9,673)	-
Interest income	615	3	167	785	182	(784)	183
Interest expenses	(504)	(452)	(175)	(1,131)	(566)	727	(970)
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	(30,096)	-	(9)	(30,105)	-	-	(30,105)
Depreciation and amortisation	(4,344)	(3,012)	(22)	(7,378)	(25)	-	(7,403)
Reportable segment loss before tax	(34,631)	(2,140)	(21,423)	(58,194)	(710)	-	(58,904)
Share of profit of joint ventures, net of tax							1,485
Loss before tax							(57,419)
Tax expense							1,213
Loss for the period							(56,206)

* *Rental and general corporate activities*

Information about reportable segments (cont'd)

	Construction	Engineering	Property	Segments	Others*	Elimination	Total
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
1 July 2020 to 31 December 2020		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	78,455	13,468	41,719	133,642	2	-	133,644
Inter-segment revenue	-	5,685	-	5,685	-	(5,685)	-
Interest income	611	(15)	32	628	404	(789)	243
Interest expenses	(417)	(382)	(197)	(996)	(535)	789	(742)
Impairment arising from property development business:							
- allowance for diminution in value of development properties	-	-	(4,730)	(4,730)	-	-	(4,730)
- amount due from non-controlling interest	-	-	(873)	(873)	-	-	(873)
Provision	(13,300)	(2,356)	(4,688)	(20,344)	-	-	(20,344)
Depreciation and amortisation	(5,001)	(2,523)	(39)	(7,563)	(7)	-	(7,570)
Reportable segment loss before tax	(15,344)	(7,841)	(4,646)	(27,831)	(335)	-	(28,166)
Share of loss of joint ventures, net of tax							(1,224)
Loss before tax							(29,390)
Tax expense							3,760
Loss for the period							(25,630)

* Rental and general corporate activities

4.2 Disaggregation of revenue

	Group						Total \$'000
	12 months ended 31 December 2021						
	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	
Types of goods or services:							
Revenue from construction contracts and engineering solutions	190,632	85,155	-	275,787	-	(17,752)	258,035
Revenue from sales of development properties	-	-	35,347	35,347	-	-	35,347
Rental income	-	-	-	-	4	-	4
Total revenue	190,632	85,155	35,347	311,134	4	(17,752)	293,386
Timing of revenue recognition:							
At a point in time	-	57,371	35,347	92,718	-	(15,068)	77,650
Over time	190,632	27,784	-	218,416	4	(2,684)	215,736
Total revenue	190,632	85,155	35,347	311,134	4	(17,752)	293,386
Geographical information:							
Singapore	190,632	85,155	-	275,787	-	(17,752)	258,035
PRC	-	-	35,347	35,347	-	-	35,347
Malaysia	-	-	-	-	4	-	4
Total revenue	190,632	85,155	35,347	311,134	4	(17,752)	293,386

* Rental and general corporate activities

Disaggregation of revenue (cont'd)

	Group						
	12 months ended 31 December 2020						
	Construction	Engineering	Property	Segments	Others*	Elimination	Total
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
		\$'000	\$'000	\$'000			\$'000
Types of goods or services:							
Revenue from construction contracts and engineering solutions	148,868	40,850	-	189,718	-	(9,220)	180,498
Revenue from sales of development properties	-	-	55,412	55,412	-	-	55,412
Rental income	-	-	-	-	28	-	28
Total revenue	148,868	40,850	55,412	245,130	28	(9,220)	235,938
Timing of revenue recognition:							
At a point in time	-	29,639	55,412	85,051	-	(5,230)	79,821
Over time	148,868	11,211	-	160,079	28	(3,990)	156,117
Total revenue	148,868	40,850	55,412	245,130	28	(9,220)	235,938
Geographical information:							
Singapore	148,868	40,850	-	189,718	-	(9,220)	180,498
PRC	-	-	55,412	55,412	-	-	55,412
Malaysia	-	-	-	-	28	-	28
Total revenue	148,868	40,850	55,411	245,130	28	(9,220)	235,938

* Rental and general corporate activities

Disaggregation of revenue (cont'd)

	Group						
	6 months ended 31 December 2021						
	Construction	Engineering	Property	Segments	Others*	Elimination	Total
	\$'000	solutions	development	total	\$'000	\$'000	\$'000
		\$'000	\$'000	\$'000			\$'000
Types of goods or services:							
Revenue from construction contracts and engineering solutions	80,320	30,989	-	111,309	-	(9,673)	101,636
Revenue from sales of development properties	-	-	13,014	13,014	-	-	13,014
Rental income	-	-	-	-	2	-	2
Total revenue	80,320	30,989	13,014	124,323	2	(9,673)	114,652
Timing of revenue recognition:							
At a point in time	-	24,883	13,014	37,897	-	(8,792)	29,105
Over time	80,320	6,106	-	86,426	2	(881)	85,547
Total revenue	80,320	30,989	13,014	124,323	2	(9,673)	114,652
Geographical information:							
Singapore	80,320	30,989	-	111,309	-	(9,673)	101,636
PRC	-	-	13,014	13,014	-	-	13,014
Malaysia	-	-	-	-	2	-	2
Total revenue	80,320	30,989	13,014	124,323	2	(9,673)	114,652

* Rental and general corporate activities

Disaggregation of revenue (cont'd)

	Group						Total \$'000
	6 months ended 31 December 2020						
	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	
Types of goods or services:							
Revenue from construction contracts and engineering solutions	78,456	19,153	-	97,609	-	(5,685)	91,924
Revenue from sales of development properties	-	-	41,718	41,718	-	-	41,718
Rental income	-	-	-	-	2	-	2
Total revenue	78,456	19,153	41,718	139,327	2	(5,685)	133,644
Timing of revenue recognition:							
At a point in time	-	13,948	41,718	55,666	-	(4,035)	51,631
Over time	78,456	5,205	-	83,661	2	(1,650)	82,013
Total revenue	78,456	19,153	41,718	139,327	2	(5,685)	133,644
Geographical information:							
Singapore	78,456	19,153	-	97,609	-	(5,685)	91,924
PRC	-	-	41,718	41,718	-	-	41,718
Malaysia	-	-	-	-	2	-	2
Total revenue	78,456	19,153	41,718	139,327	2	(5,685)	133,644

* Rental and general corporate activities

Disaggregation of revenue (cont'd)

Revenue and costs recognition from construction contracts

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

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

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

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

4.3 Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The construction and property development segments are mainly domiciled in Singapore and the PRC respectively.

	<u>Revenue from external customers</u>		<u>Non-current assets*</u>	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	258,035	180,498	124,517	129,247
PRC	35,347	55,412	266	301
PNG	-	-	231	316
Europe	-	-	90	92
Malaysia	4	28	18,453	18,476
	<u>293,386</u>	<u>235,938</u>	<u>143,557</u>	<u>148,432</u>

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

4.4 Major customers

During the financial period ended 31 December 2021 and 31 December 2020, revenue from major customers of the Group's construction segment amounted to approximately \$33,351,000 (2020: \$25,767,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the period were as follows:

	31 December 2021		31 December 2020	
	\$'000	%	\$'000	%
Customer A	33,351	11	25,767	11

5 Loss before tax

Significant items

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

	Group			Group		
	6 months ended 31 December 2021	6 months ended 31 December 2020	Change	12 months ended 31 December 2021	12 months ended 31 December 2020	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Other incomes include						
Fees from project and property management	(249)	(349)	-29%	(667)	(541)	23%
Gain on disposal of:						
- property, plant and equipment	-	(602)	-100%	-	(612)	-100%
- scrap parts and materials	(241)	(67)	>100%	(517)	(217)	>100%
- assets held for sale	-	-	-	-	(1,585)	-100%
Government grants/credit scheme	(3,400)	(7,681)	-56%	(5,365)	(14,370)	-63%
Training and testing fee income	(44)	(19)	>100%	(44)	(129)	-66%
Consultancy services fees	(181)	(72)	>100%	(181)	(156)	16%
Management fees	(186)	(340)	-45%	(650)	(788)	-18%

*Tiong Seng Holdings Limited
and its subsidiaries
Condensed Interim Financial Statements
For the six months ended and full year ended 31 December 2021*

	Group			Group		
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	Change %	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	Change %
(b) Other expenses include						
Advertisement and commission expenses	788	1,701	-54%	1,616	2,165	-25%
Impairment arising from property development business:						
- allowance for diminution in value of development properties	20,216	5,603	>100%	20,216	5,603	>100%
- amount due from non-controlling interest	17,541	4,730	>100%	17,541	4,730	>100%
Net impairment loss on:						
- trade receivables	2,675	873	>100%	2,675	873	>100%
- other investments	88	272	-68%	88	272	-68%
Entertainment	-	340	-100%	-	340	-100%
Fine and penalty	226	164	38%	540	410	32%
Legal and Professional fees	1	1,498	-99%	1	1,498	-99%
Short term/low value lease expenses	1,954	1,220	60%	2,760	1,772	56%
Property management expenses	116	92	26%	232	211	10%
Repair and maintenance	319	319	-	671	637	5%
Travelling and transport	679	1,502	-55%	1,336	2,134	-37%
	135	139	-3%	282	268	5%
(c) Finance income and cost include						
Interest income on:						
- cash and cash equivalents	(183)	(266)	-31%	(312)	(390)	-20%
- loan to a joint venture	-	(4)	-100%	-	(13)	-100%
Exchange gain (net)	(521)	(479)	9%	(780)	(599)	30%
Interest expenses on:						
- bank loans	880	686	28%	1,521	1,879	-19%
- lease liabilities	90	56	61%	169	137	23%

6 Related party transactions

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

	Group				
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	
	Affiliated corporations				
	Lease of storage space	781	1,007	2,059	1,104
Hiring charges	1,429	1,568	3,524	2,799	
Joint venture					
Recharge of staff costs	245	384	635	822	
Construction revenue	(4,369)	(3,601)	(8,035)	(13,364)	

7 Taxation

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

	Group				
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	
	Tax recognised in profit or loss				
	Current tax				
Current period	(406)	(563)	(1,462)	(1,355)	
Changes in estimate related to prior periods	352	878	(129)	385	
	(54)	315	(1,591)	(970)	
Deferred tax					
Origination and reversal of temporary differences	(36)	4,015	80	4,731	
Change in unrecognised deductible temporary differences	63	(147)	63	(147)	
	27	3,868	143	4,584	
Land appreciation tax					
Current period	452	(2,137)	(248)	(2,914)	
Changes in estimate related to prior periods	788	1,714	788	989	
	1,240	(423)	540	(1,925)	
Total tax (credit)/expense	1,213	3,760	(908)	1,689	

8 Dividends

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

	Group and Company	
	31 December 2021 \$'000	31 December 2020 \$'000
Paid by the Company to owners of the Company		
0.25 cent (2020: 0.5 cent share) per qualifying ordinary share	1,104	2,213
	<hr/>	<hr/>
	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
Paid by a subsidiary to non-controlling interest		
0.21 cent per qualifying ordinary share	-	8,138
0.02 cent per qualifying ordinary share	-	315
	<hr/>	<hr/>

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	31 December 2021 \$'000	31 December 2020 \$'000
0.25 cent (2020: 0.25 cent share) per qualifying ordinary share	1,104	1,104
	<hr/>	<hr/>

9 Net asset value

	Group		Company	
	31 December 2021 (cents)	31 December 2020 (cents)	31 December 2021 (cents)	31 December 2020 (cents)
Net asset value per ordinary share based on issued share capital at the end of:				
of:	42.82	53.50	20.68	23.41
	<hr/>	<hr/>	<hr/>	<hr/>

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 441,419,549 shares as at 31 December 2021 and 31 December 2020.

10 Accounting classifications and fair values

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

	Carrying amount			Fair value			
	FVOCI - equity instruments \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group							
31 December 2021							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	22	-	22	22	-	-	22
Unquoted equity investments – at FVOCI	555	-	555	-	-	555	555
	<u>577</u>	<u>-</u>	<u>577</u>				
Financial assets not measured at fair value							
Trade and other receivables*	-	59,135	59,135				
Amount due from related parties	-	14,212	14,212				
Cash and cash equivalents	-	54,250	54,250				
	<u>-</u>	<u>127,597</u>	<u>127,597</u>				
Financial liabilities not measured at fair value							
Amount due to related parties	-	(12,646)	(12,646)				
Trade and other payables**	-	(141,348)	(141,348)				
Loans and borrowings	-	(90,913)	(90,913)	-	(86,140)	-	(86,140)
	<u>-</u>	<u>(244,907)</u>	<u>(244,907)</u>				

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

** Excluded GST payables and deferred income

Accounting classifications and fair values (cont'd)

Group	Carrying amount			Fair value			
	FVOCI - equity instruments \$'000	Amortised cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2020							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	18	–	18	18	–	–	18
Unquoted equity investments – at FVOCI	743	–	743	–	–	743	743
	761	–	761				
Financial assets not measured at fair value							
Trade and other receivables*	–	42,759	42,759				
Amount due from related parties	–	18,000	18,000				
Cash and cash equivalents	–	43,435	43,435				
	–	104,194	104,194				
Financial liabilities not measured at fair value							
Amount due to related parties	–	(18,243)	(18,243)				
Trade and other payables**	–	(143,395)	(143,395)				
Loans and borrowings	–	(63,000)	(63,000)	–	(60,397)	–	(60,397)
	–	(224,638)	(224,638)				

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

** Excluded GST payables

Accounting classifications and fair values (cont'd)

	<u>Carrying amount</u>	
	<u>Amortised cost \$'000</u>	<u>Total \$'000</u>
Company		
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
	<u>100,842</u>	<u>100,842</u>
Financial liabilities not measured at fair value		
Amount due to related parties	<u>(63,306)</u>	<u>(63,306)</u>
31 December 2020		
Financial assets not measured at fair value		
Trade and other receivables	363	363
Amount due from related parties	104,436	104,436
Cash and cash equivalents	101	101
	<u>104,900</u>	<u>104,900</u>
Financial liabilities not measured at fair value		
Amount due to related parties	(60,968)	(60,968)
Trade and other payables	(219)	(219)
	<u>(61,187)</u>	<u>(61,187)</u>

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Financial instruments not measured at fair value – Group and Company</i>			
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 2021 and 2020.

(iii) Level 3 fair value

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

	Group Unquoted equity investments – at FVOCI \$'000
As at 31 December 2021	<u>555</u>
As at 31 December 2020	<u><u>743</u></u>

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for FY2021 and 2020 are insignificant.

11 Property, plant and equipment

During the financial year, the Group acquired assets amounting to \$8,806,000 (31 December 2020: \$12,359,000 of which \$9,813,000 was through acquisition of subsidiaries) and disposed of assets amounting to \$445,000 (31 December 2020: \$484,000)

Measurement of recoverable amounts of property, plant and equipment

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

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

12 Contract assets and contract liabilities

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

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Contract assets	60,274	63,231
Contract liabilities	<u>(77,476)</u>	<u>(65,917)</u>

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

The contract liabilities relate to:

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

13 Development properties

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
(a) Properties under development, for which revenue is to be recognised at a point in time		
Land and land related costs	81,795	94,484
Development costs	58,272	35,722
	<u>140,067</u>	<u>130,206</u>
Allowance for diminution in value	(24,964)	(7,605)
Properties under development	<u>115,103</u>	<u>122,601</u>
(b) Completed development properties, at cost	67,817	86,937
Allowance for diminution in value	(9,478)	(10,054)
Completed development properties	<u>58,339</u>	<u>76,883</u>
Total development properties	<u>173,442</u>	<u>199,484</u>

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
At 1 January	17,659	13,022
Allowance for diminution in value made during the year	17,541	4,730
Utilisation during the year	(1,841)	(797)
Translation differences on consolidation	1,082	704
At 31 December	<u>34,441</u>	<u>17,659</u>

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 \$17,541,000 (2020: \$4,730,000) during the year.

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

During the year financial, completed development properties of \$25,821,000 (FY2020: \$44,695,000) were recognised as an expense and included in “Cost of sales of development properties”.

14 Provisions

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

	Provision for penalties \$'000	Provision for onerous contracts \$'000	Total \$'000
Group			
At 31 December 2020/1 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

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

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

Provisions for onerous contracts relate to expected losses arising from non-cancellable construction contracts where the expected total contract costs exceed the total contract sums and are expected to be materialised as these contracts progress towards completion. The Group conducts critical review of all its contracts regularly. The Group monitors and reviews the progress of all the contracts, taking into consideration inputs from internal project managers and external customers in estimating these total contract costs to complete as well as in the evaluation of any potential risks and factors which may affect contract price, cost and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined. Following the

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

15 Loans and borrowings

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Amount repayable within one year or on demand		
Secured bank loans	64,058	37,978
Lease liabilities	1,121	1,527
	65,179	39,505
 Amount repayable after one year		
Secured bank loans	21,951	25,022
Lease liabilities	3,783	3,877
	25,734	28,899
 Total loans and borrowings	90,913	68,404

The secured bank loans are secured on the following assets:

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	9,755	10,273
Freehold land	13,966	13,759
Leasehold properties	45,505	47,639
Investment properties	3,747	3,779
Plant and machinery	621	79
Motor vehicles	-	454
Fixed deposits	575	562
Total	74,169	76,545

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

16 Share capital

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

The Company held 18,204,300 treasury shares (18,204,300 treasury share as at 31 December 2020) which represent 4.12% (4.12% as at 31 December 2020) of the total number of issued shares of the Company (excluding treasury shares).

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

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

17 Significant commitments

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

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Development costs contracted but not provided for:		
- subsidiaries	13,591	9,774
- joint ventures	22,346	42,660
	<u>34,937</u>	<u>52,434</u>

18 Financial guarantee

	Company	
	31 December 2021	31 December 2020
	\$'000	\$'000
Significant issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for its subsidiaries	<u>843,345</u>	<u>805,055</u>

OTHER INFORMATION

1. Audit or Review

The condensed consolidated statement of financial position of Tiong Seng Holdings Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Auditors' Report

Not Applicable.

3. Review of Group Performance for FY2021 vs FY2020

Overview

	<u>Construction</u>	<u>Engineering</u> <u>Solution</u>	<u>Property</u> <u>Development</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	12 Months Ended 31 December 2021					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	190,632	85,155	35,347	4	(17,752)	293,386
Costs	(209,632)	(81,704)	(25,821)	-	20,354	(296,803)
Gross (Loss)/Profit	(19,000)	3,451	9,526	4	2,602	(3,417)
Other income	6,715	2,882	87	698	(2,865)	7,517
Impairment arising from property development business	-	-	(20,216)	-	-	(20,216)
Depreciation	(6,647)	(397)	(12)	(132)	-	(7,188)
Selling expenses	-	-	(1,853)	-	81	(1,772)
Staff costs	(12,515)	(4,822)	(1,224)	(723)	-	(19,284)
Other operating expenses	(3,473)	(1,563)	(3,100)	(1,104)	182	(9,058)
Loss from operating activities	(34,920)	(449)	(16,792)	(1,257)	-	(53,418)

	<u>Construction</u>	<u>Engineering</u>	<u>Property</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
		<u>Solution</u>	<u>Development</u>			
	12 Months Ended 31 December 2020					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	148,868	40,850	55,412	28	(9,220)	235,938
Costs	(165,843)	(44,816)	(44,695)	-	11,464	(243,890)
Gross (Loss)/Profit	(16,975)	(3,966)	10,717	28	2,244	(7,952)
Other income	16,603*	3,974	1,088	529	(2,683)	19,511
Impairment arising from property development business	-	-	(5,603)	-	-	(5,603)
Depreciation	(6,837)	(477)	(30)	(173)	-	(7,517)
Selling expenses	-	-	(2,331)	-	-	(2,331)
Staff costs	(10,063)	(4,808)	(1,118)	(745)	-	(16,734)
Other operating expenses	(3,699)	(1,710)	(4,202)	(1,619)	439	(10,791)
Loss from operating activities	(20,971)	(6,987)	(1,479)	(1,980)	-	(31,417)

As a whole, the Group reported an improved results for FY2021 with revenue increased by \$57.5 million from S\$235.9 million in FY2020 to S\$293.4 million in FY2021 following pick up of construction activities. Excluding one-off item, government support and impairment arising from property development business, operating loss for the year has reduced from \$41.8 million in FY2020 to \$38.6 million in FY2021 (Refer to “Operating Performance FY2021 vs FY2020” table below).

Operating loss in FY2021 was mainly attributable to deteriorated property development market in PRC led to higher impairment and construction cost pressure across raw material, labour and subcontracting contracts which began to manifest early 2H2021. On the other hand, loss in FY2020 was mainly due to substantial decrease in revenue and gross profit in construction segment as a result of suspension and delay in construction activities due to Covid-19 pandemic, as well as unproductive construction labour cost suffered during the circuit breaker (“CB”) period¹.

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

Operating Performance FY2021 vs FY2020

	FY2021	FY2020	Variance	
	\$'000	\$'000	\$'000	%
Operating loss for the year, excluding one-off item, government support & impairment arising from property development business	(38,567)	(41,769)	3,202	-8%
<u>One-Off Item & Government Support</u>	5,365	15,955		
Gain on disposal of Asset held for Sale	-	1,585	(1,585)	-100%
Government Support	5,365	14,370	(9,005)	-63%
Impairment arising from property development business	(20,216)	(5,603)	(14,613)	>100%
Operating loss for the year as reported in the consolidated statement of comprehensive income	(53,418)	(31,417)	(22,001)	70%

Group revenue and revenue from construction and engineering solutions segments

Revenue increased by approximately \$57.5 million or 24.4% yoy from approximately \$235.9 million in FY2020 to approximately \$293.4 million in FY2021, mainly driven by pick up of construction activities following the lifting of the eight-weeks CB in second quarter of 2020 that suspend most of construction works, though at slow and uneven pace.

Revenue from sales of development properties

Revenue from sales of development properties in FY2021 amounted to \$35.3 million contributed mainly from the sale recognition of 9 units (2,942 sqm) from Tranquility Project and 35 units (7,336 sqm) from Equinox Project. In FY2020, revenue amounted to \$55.4 million was contributed mainly from the sale recognition of 15 units (4,756 sqm) from Tranquility Project and 69 units (10,998 sqm) from Equinox Project.

As at 31 December 2021, approximately \$31.6 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects		Total	Total Launch	Sold and recognised	Sold but yet to be recognised	Unsold Inventories	Future Launch	ASP [^] psm for units sold but yet to be recognized (RMB)
Equinox	Units	Note 1	565	376	32	157	Note 1	13,916
	Area ('000 sqm)	172	109	74	7	28	63	
Tranquility	Units	636	636	623	9	4	-	19,424
	Area ('000 sqm)	100	100	95	3	2	-	

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

[^] Average selling price

Gross loss in construction segment

Construction segment reported a gross loss of \$19.0 million in FY2021 as compared to a gross loss of \$17.0 million in FY2020. Higher gross loss due to cost pressure experienced especially in 2H2021 with the effect of increase in construction materials price and additional cost led by re-awarding sub-contract works to other sub-contractors following certain sub-contractors no longer able to sustain the financial ramifications with the tapering off of the support scheme from government. Nevertheless, gross loss margin contracted from 11.4% in FY2020 to 10.0% in FY2021 following the pick up of construction activities that brought in higher project profit.

Gross (loss)/profit in engineering solutions segment

Engineering Solution segment reported a gross profit of \$3.5 million in FY2021 as compared to a gross loss of \$4.0 million in FY2020 with the increase in revenue by more than a fold following the resumption of construction work and pent up demand arising from delay in construction progress amid Covid-19.

Gross profit in property development segment

Increase in gross profit margin from 19.3% in FY2020 to 26.9% in FY2021 mainly due to the difference in projects' profile and relative profitability in the units recognised over the two periods.

Other Income

Other income decreased by \$12.0 million from \$19.5 million in FY2020 to \$7.5 million in FY2021 mainly due to tapering of government support and one time gain from disposal of asset held for sale in FY2020.

Impairment arising from property development business

Due to national deleveraging policies, a major property developer of the People's Republic of China ("PRC") announced multiple defaults in 2H2021, resulting in liquidity crisis that has worsened the market outlook. As a result, the valuation of the Group property development business has been adversely impacted with an impairment of \$20.2 million.

Selling expenses

Decrease in selling expenses by approximately \$0.5 million from \$2.3 million in FY2020 to \$1.8 million in FY2021 mainly due to decrease in sales commission for the sale of development properties following lower revenue recognition.

Staff costs

Staff costs increased by approximately \$2.6 million from \$16.7 million in FY2020 to \$19.3 million in FY2021 due to salaries increment and bonus payment in FY2021 and lower leave provision in FY2020 with most staff clearing their leave amid lower construction activities.

Other expenses

Other expenses decreased by \$1.7 million from \$10.8 million in FY2020 to \$9.1 million in FY2021 due to fine and penalty incurred in FY2020.

Net finance costs

Net finance costs decreased by approximately \$0.8 million from \$3.3 million in FY2020 to \$2.5 million in FY2021 mainly due to lower finance cost arising from lower advance receipt balances from sale of property development units following recognition of revenue from units sold as compared to 2020.

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

The Group registered a share of profit from joint ventures of approximately \$1.8 million in FY2021 as compared to a share of loss of approximately \$1.8 million in FY2020. The changes was mainly due to commencing of revenue recognition of its property development project in Singapore which was still incurring operating cost and interest expenses in FY2020. Share of profit in FY2021 was partially contributed from construction projects in Singapore.

Tax (expense)/credit

Tax expense of \$0.9 million was recorded in FY2021 as compare to tax credit of \$1.7 million in FY2020. Tax expense in FY2021 was resulted from taxable profit in property development project in PRC.

Loss for the period

FY2021 reported a loss after tax of \$54.9 million as a result of the factors mentioned in the preceding paragraphs.

4. Review of Group Performance for 2H2021 vs 2H2020

Overview

	<u>Construction</u>	<u>Engineering</u> <u>Solution</u>	<u>Property</u> <u>Development</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	6 Months Ended 31 December 2021					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	80,320	30,989	13,014	2	(9,673)	114,652
Costs	(106,216)	(30,635)	(9,750)	-	10,814	(135,787)
Gross Profit/(Loss)	(25,897)	354	3,264	2	1,141	(21,135)
Other income	3,685	1,349	60	250	(1,272)	4,072
Impairment arising from property development business	-	-	(20,216)	-	-	(20,216)
Depreciation	(3,169)	(191)	(5)	(68)	-	(3,433)
Selling expenses	-	1	(1,017)	-	81	(935)
Staff costs	(7,121)	(2,437)	(777)	(349)	-	(10,684)
Other operating expenses	(1,736)	(769)	(2,389)	(260)	50	(5,104)
Loss from operating activities	(34,237)	(1,693)	(21,080)	(425)	-	(57,435)

	<u>Construction</u>	<u>Engineering</u> <u>Solution</u>	<u>Property</u> <u>Development</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	6 Months Ended 31 December 2020					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	78,456	19,153	41,718	2	(5,685)	133,644
Costs	(91,281)	(24,818)	(35,433)	-	6,711	(144,821)
Gross Profit/(Loss)	(12,825)	(5,665)	6,285	2	1,026	(11,177)
Other income	8,116	1,756	1,084	338	(1,291)	10,003
Impairment arising from property development business	-	-	(5,603)	-	-	(5,603)
Depreciation	(3,610)	(217)	(15)	(88)	-	(3,930)
Selling expenses	-	-	(1,769)	-	-	(1,769)
Staff costs	(4,632)	(2,198)	(427)	(341)	-	(7,598)
Other operating expenses	(1,770)	(897)	(3,369)	(990)	265	(6,761)
Loss from operating activities	(14,721)	(7,221)	(3,814)	(1,079)	-	(26,835)

As a whole, the Group reported a higher operating loss in 2H21 of \$57.4 million as compared to a loss of \$26.8 million in 2H2020. Higher loss in 2H2021 attributable to:

- i) higher provision made on construction projects to cater for construction cost pressure across raw material, labour and subcontracting contracts which began to manifest early 2H2021;
- ii) higher impairment for development property following deteriorated property development market in PRC; and
- iii) tapering government support in FY2021

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

Group revenue decreased by approximately \$18.9 million from \$133.6 million in 2H2020 to \$114.7 million in 2H2021 as there was bulk revenue recognition in Equinox project following completion and handover of its E2 terrace units in 2H2020. The decrease in revenue from property development was partially offset by the increase in revenue from construction and engineering solutions following the slow resumption of construction work.

Gross loss in construction segment

The Group reported a higher gross loss of \$25.9 million in 2H2021 as compared to a gross loss of \$12.8 million in 2H2020. Higher gross loss due to cost pressure experienced especially in 2H2021 with the effect of increase in construction materials price and additional cost led by re-awarding sub-contract works to other sub-contractors following certain sub-contractors no longer able to sustain the financial ramifications with the tapering off of the support scheme from government. On the other hand, gross loss in 2H2020 was a result of slow progress of various projects that increased overall projects' budgeted cost.

Gross profit/(loss) in engineering solutions

The Group reported a gross profit of \$0.4 million in 2H2021 as compared to a gross loss of \$5.7 million in 2H2020 with the increased in revenue following resumption of construction work and a result of different in projects' profile and relative profitability in the projects recognised over the two periods.

Gross profit in property development segment

Increase in gross profit margin from 15.1% in 2H2020 to 25.1% in 2H2021 mainly due to the difference in projects' profile and relative profitability in the units recognised over the two periods.

Other Income

Decrease in other income from \$10.0 million in 2H2020 to \$4.1 million in 2H2021 mainly due to tapering of government support for Covid-19 and one-time gain on disposal of asset held for sale in 2H2020.

Impairment arising from property development business

Due to national deleveraging policies, a major property developer of the People's Republic of China ("PRC") announced multiple defaults in 2H2021, resulting in liquidity crisis that has worsened the market outlook. As a result, the valuation of the Group property development business has been adversely impacted with an impairment of \$20.2 million.

Depreciation

Decrease in depreciation expenses from \$3.9 million in 2H2020 to \$3.5 million in 2H2021 due to certain assets fully depreciated.

Selling Expenses

Selling expense decrease from \$1.8 million in 2H2020 to \$0.9 million in 2H2021 mainly due to lesser sales commission in development properties which is in tandem with lower revenue recognised

Staff Costs

Increase in staff cost from \$7.6 million in 2H2020 to \$10.6 million in 2H2021 was due to salaries increment and bonus provision in 2H2021 and lower leave provision with most staff clearing their leave.

Other Expenses

Decrease in other expenses from \$6.8 million in 2H2020 to S\$5.1 million in 2H2021 was due to fine and penalty provided in 2H2020.

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

The Group registered a share of profit from joint ventures of approximately \$1.5 million in 2H2021 as compared to a share of loss of approximately \$1.2 million in 2H2020. The changes was mainly due to commencing of revenue recognition of its property development project in Singapore which was still incurring operating cost and interest expenses in 2H2020. Share of profit in 2H2021 was partially contributed from construction projects in Singapore.

Tax credit

Tax credit of \$1.2 million was recorded in 2H2021 as compare to tax credit of \$3.8 million in 2H2020. Tax credit in 2H2021 was resulted from adjustment for over recognition of corporate tax in FY2020.

Loss for the period

2H2021 reported a loss after tax of \$56.2 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-Current Assets

As at 31 December 2021, non-current assets stood at \$167.0 million or approximately 32.1% of total assets, an increase of approximately S\$5.0 million as compared to 31 December 2020.

Decrease in property, plant and equipment by \$6.1 million to \$94.6 million as at 31 December 2021 was mainly due to depreciation partially offset by acquisition made during the year.

Increase in non-current trade and other receivables by approximately \$9.8 million to \$15.7 million as at 31 December 2021 was mainly due to increase in retention sum receivables following pick up in construction activities.

Current Assets

As at 31 December 2021, current assets stood at \$353.3 million or approximately 67.9% of total assets, a decrease of approximately S\$31.9 million as compared to 31 December 2020.

Inventories decreased by \$7.0 million to \$5.6 million as at 31 December 2021 mainly due to delivery of precast tunnel and installation of mass engineered timber held as inventories as at 31 December 2020.

Decrease in development properties by \$26.0 million to \$173.4 million as at 31 December 2021 was due mainly to allowance for diminution in value made and revenue recognition, partially offset by favourable translation difference as a result of strengthen Renminbi vis-a-vis Singapore Dollar and development cost incurred for the same period.

Decrease in amounts due from related parties by \$4.0 million to \$9.7 million as at 31 December 2021 was due mainly to impairment made of \$2.7 million for an amount due from a non-controlling interest and repayment received from joint venture partner.

Increase in cash and cash equivalents by \$10.8 million to \$54.3 million as at 31 December 2021 mainly due to positive operating cash flow generated and increase in borrowing partially offset by capital expenditure and increase investment in joint venture.

Non-Current Liabilities

As at 31 December 2021, non-current liabilities amounted to \$36.4 million or approximately 11.1% of total liabilities, an increase of approximately \$1.0 million as compared to 31 December 2021.

Increase in non-current trade and other payables by approximately \$4.3 million to \$9.8 million as at 31 December 2021 mainly due to increase in retention sum payables arising from increased construction activities.

Loan and borrowings decreased by approximately \$3.2 million to \$25.7 million as at 31 December 2021 mainly due to reclassification of borrowings due within 12 months to current liabilities.

Current liabilities

As at 31 December 2021, current liabilities stood at \$291.9 million or approximately 88.9% of total liabilities, an increase of \$21.2 million as compared to 31 December 2020.

Contract liabilities increased by \$11.6 million to \$77.5 million as at 31 December 2021 mainly due to increase in the excess of progress billing over construction revenue over the period under review.

Decrease in trade and other payables by \$10.8 million to \$129.6 million as at 31 December 2021 with settlement of accounts of completed projects.

Amount due to related parties decreased by \$5.6 million to \$12.6 million as at 31 December 2021 mainly due to repayment of amount due to a minority interest and trade payables of an affiliated company.

Loan and borrowings increased by \$25.7 million to \$65.2 million as at 31 December 2021 was due to addition drawdown to finance construction projects.

Review of Statement of Cash Flows

Net cash from operating activities

For the 12 months ended 31 December 2021, the Group recorded a net cash inflow from operating activities of approximately \$1.3 million, as compared to \$35.0 million in the previous corresponding period. Net cash inflow from operating activities in FY2021 was mainly attributable to the increase in operating activities following the resumption of work on sites.

Net cash from investing activities

For the 12 months ended 31 December 2021, the Group recorded a net cash outflow from investing activities of approximately \$8.3 million, as compared to \$10.3 million in previous corresponding period. Cash outflow from investing activities in FY2021 was mainly due to the additional loan to joint venture for property development project in Singapore and investment in construction facilities and mould for the construction and engineering projects. Cash outflow in FY2020 was mainly due to the purchase of 2 plots of land via acquisition of a subsidiary.

Net cash from financing activities

For the 12 months ended 31 December 2021, the Group recorded a net cash inflow from financing activities of \$17.1 million, as compared to net cash outflow of \$37.7 million in previous corresponding period. Net cash inflow in FY2021 was mainly due to increase in borrowing to finance its operation. Net cash outflow in FY2020 was mainly due to net payment of loans and borrowings.

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

The Group's FY2021 results are in line with the Company's profit guidance released on 28 January 2022.

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

Construction Outlook in Singapore

The construction sector in Singapore grew by 20.1% to \$29.9 billion for the full year in 2021² with both public and private sector contributing to the increase, turning around a 38.4% contraction in 2020. The overall Unit Labour Cost ("ULC") for construction grew the highest by 34.8% in 4Q2021 due to labour shortages from the travel restrictions. Construction demand increased in 2021 by 29.1% yoy, with public sector contributing 59.5% of the demand.

² <https://www.mti.gov.sg/ess2021>

Construction demand in 2022 is expected to be between \$27 billion and \$32 billion with the public sector expected to contribute 60.0% of the demand.³

Tightened border controls have restricted the inflow of foreign workers, affecting the manpower allocation for worksites. The latest curbs announced by the Manpower Ministry on 4th December 2021 no longer allow new applications for foreign workers to enter Singapore via vaccinated travel lanes.⁴ Pre-emptively, the government has put in place new measures to allow existing workers in Singapore to remain at work by allowing them to retain employment until their work permit ends.⁵ They are also able to extend the permit by 30 days or be enrolled in a job-matching scheme, both new employment. Previously, there is a time restrictive window of 21-40 days before the work permit ends where prospective employers have to seek out for workers.

Supply chains are also affected by lockdown-induced disruptions in various countries, as factories remain at low efficiency. Shipping has also been disrupted as cross-border logistics is hampered with quarantine programmes.⁶ According to MTI, average market prices of concrete increased 9.8% yoy while prices for steel rebar rose by 47.2% yoy. These are due to higher costs of raw materials and tighter supply of steel in the global market.

The Group's order book as at 31 December 2021 stood at approximately \$1.4 billion which is expected to extend till year 2024.

Property Development Outlook in China and Singapore

China

In line with China's policies on curbing investment speculation on residential properties, with deleveraging mortgages and adjusting property taxes, home prices are expected to drop 1.0% in 1H2022.⁷ As the largest property developers in China are scrutinized for their over-lending and unfettered expansions, the resulting policies have affected the property market and send it on an observable downward trend. However, in 2022, China may finetune its policies to stabilise the sector in view of the default risks and systemic risk with home ownership and wealth of the masses.⁸ In January 2022, the Chinese government loosened regulation slightly to free up locked capital and lowering lending rates in a bid to ease the sector financially.

As at 31 December 2021, approximately \$31.6 million of gross development value comprises 32 units (6,805 sqm) of the Equinox and 9 units (2,936 sqm) of the Tranquillity Residences were sold, but yet to be recognized as revenue in accordance to the Group's revenue recognition policy.

³ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases-2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

⁴ <https://www.mom.gov.sg/newsroom/press-releases/2021/1204-ceasing-of-entry-of-cmp-workers-and-other-dormitory-bound-workers-via-vtls>

⁵ <https://www.channelnewsasia.com/Singapore/new-measures-retain-work-permit-holders-construction-shipyard-and-process-sectors-2279461>

⁶ <https://www.bloomberg.com/news/articles/2021-11-24/china-s-seven-week-port-quarantine-is-blocking-shipping-recovery>

⁷ <https://www.reuters.com/markets/rates-bonds/china-property-market-keep-cooling-into-h1-2022-tight-curbs-2021-12-02/>

⁸ <https://www.reuters.com/markets/asia/china-reluctantly-gives-property-market-break-2022-01-20/>

As at 31 December 2021, approximately 72.2% of the total 565 units launched for the Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for two of its phases, E3 and G1, with expected completion and handover in mid-2023.

For the Tranquillity Residences project in Suzhou New District Development zone, approximately 99.4% of the total 636 completed units were sold.

Singapore

Prices of private residential homes in Singapore have risen by 10.6% for 2021, outpacing a 2.2% gain in 2020 according to the Urban Redevelopment Authority (“URA”). The prices were aided by the economic recovery, a buoyant public housing resale market and low mortgage interest rates. Unsold inventory dropped to a 5 year low since 2Q17, positioning the upcoming tenders of Government Land Sales (“GLS”) with stronger interest and competition.⁹

The newest property cooling measures announced in Singapore in December 2021, will strike at mainly the investment demand by increasing Additional Buyer’s Stamp Duty from 5%-10% over the board.¹⁰ Sales is expected to consider the higher tax paid moving into 2022, developers may see margins cut for marketing or competitiveness. However, despite the measures, new private home sales were up 3.5% in January 2022 yoy, showing a muted impact from the policy as projects with value will continue to face sustained demand.¹¹

The Group’s joint venture project located at Balmoral Road (“Balmoral Project”) and Cairnhill Rise (“Cairnhill Project”) are currently under development. The Balmoral Project was launched to the public on 11 January 2020 and is targeted to obtain TOP in 1H2022. The Cairnhill Project was launched to the public on 27 November 2021 and is targeted to obtain TOP in 1H2023.

7. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	[0.25] cent per ordinary share
Tax Rate:	1-tier tax-exempt

⁹ <https://www.straitstimes.com/business/property/singapore-private-home-prices-jumped-106-in-2021-rents-surged-99-ura>

¹⁰ <https://www.businesstimes.com.sg/real-estate/new-cooling-measures-overtake-sanguine-outlook-for-new-private-home-market-for-2022>

¹¹ <https://www.businesstimes.com.sg/real-estate/singapores-new-private-home-sales-rise-35-in-january>

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend: First and Final
Dividend Type: Cash
Dividend Rate: 0.25 cent per ordinary share
Tax Rate: 1-tier tax-exempt

(c) Date payable

The proposed dividend, if approved at the Annual General Meeting, will be paid out at a date to be announced..

(d) Books closure date

The book closure date will be announced at a later date.

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

Not applicable.

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

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 31 December 2021.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2H2021	FY2021	2H2021	FY2021
	\$'000	\$'000	\$'000	\$'000
<u>Hiring charges</u>				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,479	3,362
Peck Tiong Choon Logistic (Pte) Ltd	-	-	60	162
Total	-	-	1,539	3,524

Lease of Storage Space				
Peck Tiong Choon Logistic (Pte) Ltd	781	2,059	-	-
	781	2,059	-	-

10. A breakdown of sales and profit before tax.

	2021	2020	Increase / (Decrease) %
	\$'000	\$'000	
Sales reported for first half year	178,734	102,294	75
Operating profit / (loss) after tax before deducting non-controlling interests reported for first half year	1,270	(9,275)	N.M.
Sales reported for second half year	114,652	133,644	-14
Operating (loss) after tax before deducting non-controlling interests reported for second half year	(56,206)	(25,630)	>100

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

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pay Sim Tee	71	<p>Uncle of Pek Zhi Kai (Executive Director)</p> <p>Cousin of Pek Dien Kee (Head of Asset Management).</p> <p>Uncle of Ong Chun Tiong (General Manager for the Group's subsidiaries in PRC), Pek Chik Lay (Managing Director of Robin Village International Pte Ltd's Group and Cobiax Technologies (Asia) Pte Ltd), Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd) and Pay Simin Jasmine (Contracts Manager of Tiong Seng Contractors (Private))</p>	Executive Director and Chief Executive Office ("CEO") of Tiong Seng Holdings Ltd (the "Company").	

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
		Limited).		
Pek Zhi Kai	31	Nephew of Pay Sim Tee (Executive Director & CEO)	Manager (Business Development) of Tiong Seng Chang De Investment (Pte.) Ltd. since December 2019 and Executive Director of the Company since July 2021. Director of some of the subsidiaries within Tiong Seng Group since 2020.	Mr. Pek is now responsible for business and strategic development for the Group's three business arms (Construction, Engineering Solutions and Property Development)
Pek Dien Kee	68	Cousin of Pay Sim Tee (Executive Director and CEO). Uncle of Pek Zhi Kai (Executive Director).	Head of Asset Management since 2010	Not Applicable
Ong Chun Tiong	49	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	General Manager for the Group's subsidiaries in PRC since 2004	Not Applicable
Pek Chik Lay	45	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	General Manager of Cobiax Technologies (Asia) Pte Ltd since 2012 and Robin Village International ("RVI") Pte Ltd since 2016. Managing Director of Cobiax Technologies (Asia) Pte Ltd and RVI's Group since December 2020.	Not Applicable
Peh Geok Soon	67	Nephew of Pay Sim Tee (Executive Director & CEO). Cousin of Pek Zhi Kai (Executive Director)	Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd since 2003 & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd since 2011	Not Applicable

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pay Simin Jasmine	40	Niece of Pay Sim Tee (Executive Director & CEO) Cousin of Pek Zhi Kai (Executive Director)	Contracts Manager of Tiong Seng Contractors Pte Ltd since 2015	Not applicable

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

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

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
28 February 2022