TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Registration Number: 200807295Z)

Condensed Interim Financial Statements
For the Six Months Ended 30 June 2023

Contents

Condensed Interim Consolidated Statement of Comprehensive Income

	Note	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000	Change %
Revenue				
Revenue from construction contracts and engineering solutions	4	139,963	131,855	6%
Revenue from sales of development properties	4	20,464	16,821	22%
Rental Income		211	61	>100%
		160,638	148,737	8%
Other income		1,819	2,439	-25%
Costs of construction contracts and engineering solutions		(139,305)	(156,077)	-11%
Costs of sales of development properties		(18,503)	(12,413)	49%
Depreciation and amortisation		(2,547)	(3,174)	-20%
Selling expenses		(674)	(352)	-91%
Staff costs		(9,022)	(9,643)	-6%
Other expenses		(5,467)	(10,459)	-48%
		(175,518)	(192,118)	-9%
Loss from operating activities		(13,061)	(40,942)	-68%
Finance income		1,116	277	>100%
Finance costs		(4,272)	(2,256)	89%
Net finance costs		(3,156)	(1,979)	59%
Share of profit of joint ventures, net of tax		999	538	86%
Loss before tax	5	(15,218)	(42,383)	-64%
Tax expense	7	(415)	(2,145)	-81%
Loss for the period		(15,633)	(44,528)	-65%

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

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

	Note	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'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		(5,217)	(3,441)	52%
Exchange differences on monetary items forming part of net investment in a foreign operation		(834)	(971)	-14%
Net change in fair value of equity investment at fair value through other comprehensive income		(45)	-	100%
Other comprehensive income for the period, net of tax		(6,096)	(4,412)	38%
Total comprehensive income for the period		(21,729)	(48,940)	-56%
Loss attributable to:				
Owners of the Company		(15,642)	(44,005)	-64%
Non-controlling interests		9	(523)	N.M.
Loss for the period		(15,633)	(44,528)	-65%
Total comprehensive income attributable to:				
Owners of the Company		(21,269)	(48,153)	-56%
Non-controlling interests		(460)	(787)	-42%
Total comprehensive income for the period		(21,729)	(48,940)	-56%
Earnings per share				
- Basic and diluted (cents)[1]		(3.54)	(9.97)	-64%

[1]The earnings per share net of non-controlling interests has been calculated based on 441,355,673 (2022: 441,419,549) weighted average number of shares excluding treasury shares.

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

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2023 $'000	31 December 2022 $'000	30 June 2023 $'000	31 December 2022 $'000
Non-current assets					
Property, plant and equipment	11	46,382	67,934	-	-
Intangible assets		814	296	-	-
Investment properties		1,232	386	-	-
Right-of-use assets		2,180	2,874	-	-
Subsidiaries		-	-	53,986	53,986
Joint ventures		15,644	23,429	-	-
Trade and other receivables		25,600	20,049	-	-
Amount due from related parties		4,880	4,807	-	-
Other investments		857	902	-	-
Deferred tax assets		2,274	2,271	-	-
		99,863	122,948	53,986	53,986
Current assets					
Inventories		5,349	3,647	-	-
Contract costs		519	710	-	-
Contract assets	12	42,387	75,646	-	-
Development properties	13	129,304	149,517	-	-
Trade and other receivables		51,692	51,745	2,252	1,233
Amounts due from related parties		19,532	30,848	47,317	47,317
Cash and cash equivalents		95,933	47,632	44	88
		344,716	359,745	49,613	48,638
Assets held for sale	14	41,576	25,089	-	-
		386,292	384,834	49,613	48,638
Total assets		486,155	507,782	103,599	102,624
Equity attributable to owners of the Company					
Share capital		181,947	181,947	181,947	181,947
Treasury shares		(4,906)	(4,906)	(4,906)	(4,906)
Reserves		(94,541)	(88,914)	(45,850)	(45,850)
(Accumulated losses)/Retained earnings		(11,616)	4,026	(95,013)	(93,738)
		70,884	92,153	36,178	37,453
Non-controlling interests		4,032	4,492	-	-
Total equity		74,916	96,645	36,178	37,453
Non-current liabilities					
Trade and other payables		14,450	12,267	-	-
Loans and borrowings	16	10,946	19,031	-	-
Deferred tax liabilities		678	580	-	-
		26,074	31,878	-	-
Current liabilities					
Contract liabilities	12	122,838	74,300	-	-
Trade and other payables	15	151,811	198,704	434	207
Amounts due to related parties		10,611	10,449	66,987	64,964
Loans and borrowings	16	96,981	92,782	-	-
Current tax payable		2,924	3,024	-	-
		385,165	379,259	67,421	65,171
Total liabilities		411,239	411,137	67,421	65,171
Total equity and liabilities		486,155	507,782	103,599	102,624

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

Condensed Interim Consolidated Statement of Changes in Equity

		Attributable to owners of the Company										
Group	**Note**	**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 2023		181,947	(4,906)	(77,720)	(9,345)	4,045	142	(6,036)	4,026	92,153	4,492	96,645
Total comprehensive income for the period												
Loss for the period		-	-	-	-	-	-	-	(15,642)	(15,642)	9	(15,633)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	-	-	-	(4,748)	-	(4,748)	(469)	(5,217)
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	-	-	-	(834)	-	(834)	-	(834)
Net change in fair value of equity investment at fair value through other comprehensive income		-	-	-	-	-	(45)	-	-	(45)	-	(45)
Total other comprehensive income		-	-	-	-	-	(45)	(5,582)	-	(5,627)	(469)	(6,096)
Total comprehensive income for the period		-	-	-	-	-	(45)	(5,582)	(15,642)	(21,269)	(460)	(21,729)
At 30 June 2023		181,947	(4,906)	(77,720)	(9,345)	4,045	97	(11,618)	(11,616)	70,884	4,032	74,916

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

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

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

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	Share capital $'000	Treasury shares $'000	Merger reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2023		181,947	(4,906)	(45,850)	(93,738)	37,453
Total comprehensive income for the period						
Loss for the period		-	-	-	(1,275)	(1,275)
At 30 June 2023		181,947	(4,906)	(45,850)	(95,013)	36,178
At 1 January 2022		181,947	(4,873)	(45,850)	(39,955)	91,269
Total comprehensive income for the period						
Profit for the period		-	-	-	1,342	1,342
Transactions with owner, recognised directly in equity						
Dividends paid	8	-	-	-	(1,104)	(1,104)
At 30 June 2022		181,947	(4,873)	(45,850)	(39,717)	91,507

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

Condensed Interim Consolidated Statement of Cash Flows

	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000
Cash flows from operating activities		
Loss from operating activities	(13,061)	(40,942)
Adjustments for:		
Impairment on contract assets	(161)	5,038
Provisions	593	18,185
Depreciation and amortisation	7,107	6,683
Gain on disposal of property, plant and equipment	(14)	(124)
Written-off		
- bad debt	126	-
- property, plant and equipment	30	-
	(5,380)	(11,160)
Changes in:		
Inventories	(1,705)	1,217
Contract costs	191	(84)
Contract assets/liabilities	81,958	24,053
Development properties	8,358	7,748
Trade and other receivables	(5,542)	(488)
Trade and other payables	(43,486)	(4,211)
Balances with related parties	1,926	1,091
Cash generated from operations	36,320	18,166
Tax paid	(394)	(2,606)
Net cash generated from operating activities	35,926	15,560
Cash flows from investing activities		
Other investment	45	-
Repayment of loan from joint ventures	18,273	-
Interest received	606	247
Proceeds from disposal of:		
- property, plant and equipment	761	134
Purchase of:		
- property, plant and equipment	(1,776)	(3,248)
- intangible assets	(564)	-
Net cash generated from/(used in) investing activities	17,345	(2,867)

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

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

	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000
Cash flows from financing activities		
Decrease in restricted cash	-	7
Dividends paid	-	(1,104)
Interest paid	(2,769)	(1,092)
Payments of lease liabilities	(418)	(538)
Proceeds from loans and borrowings	39,034	9,717
Repayment of loans and borrowings	(43,614)	(6,740)
Net cash (used in)/generated from financing activities	(7,767)	250
Net increase in cash and cash equivalents	45,504	12,943
Cash and cash equivalents at beginning of the period	47,632	55,745
Effect of exchange rate changes on balances held in foreign currencies	3,674	(1,319)
Cash and cash equivalents at end of the period	96,810	67,369

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

Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

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

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

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed consolidated interim financial statements do not include all the information required for complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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

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

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2023. 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 2022.

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 2022 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 2023 to 30 June 2023							
External revenues	126,041	13,922	20,464	160,427	211	-	160,638
Inter-segment revenue	-	22,959	-	22,959	-	(22,959)	-
Interest income	592	-	12	604	191	(189)	606
Interest expenses	(2,251)	(509)	(171)	(2,931)	(27)	189	(2,769)
Provision	-	-	(593)	(593)	-	-	(593)
Depreciation and amortisation	(3,872)	(3,201)	(12)	(7,085)	(22)	-	(7,107)
Reportable segment loss before tax	(8,657)	(4,204)	(1,510)	(14,371)	(1,846)	-	(16,217)
Share of gain of joint ventures, net of tax							999
Loss before tax							(15,218)
Tax expense							(415)
Loss for the period							(15,633)
Reportable segment assets	241,179	60,717	148,450	450,346	20,165	-	470,511
Investment in associates and joint ventures	10,452	624	4,568	15,644	-	-	15,644
Total assets							486,155
Reportable segment liabilities	330,462	57,200	22,967	410,629	610	-	411,239
Capital expenditure	1,290	1,634	877	3,801	525	-	4,326

* *Rental and general corporate activities*

4.1 Information about reportable segments

	Construction $'000	Engineering solutions $'000	Property development $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
1 January 2022 to 30 June 2022							
External revenues	118,080	13,775	16,821	148,676	61	-	148,737
Inter-segment revenue	-	2,356	-	2,356	-	(2,356)	-
Interest income	585	2	197	784	256	(793)	247
Interest expenses	(674)	(419)	(174)	(1,267)	(572)	747	(1,092)
Impairment on contract assets	-	(5,038)	-	(5,038)	-	-	(5,038)
Provision	(17,470)	-	(715)	(18,185)	-	-	(18,185)
Depreciation and amortisation	(4,258)	(2,382)	(19)	(6,659)	(24)	-	(6,683)
Reportable segment (loss)/profit before tax	(24,031)	(18,428)	1,289	(41,170)	(1,751)	-	(42,921)
Share of gain of joint ventures, net of tax							538
Loss before tax							(42,383)
Tax expense							(2,145)
Loss for the period							(44,528)
Reportable segment assets	189,658	61,617	202,273	453,548	16,597		470,145
Investment in associates and joint ventures	9,947	600	31,030	41,577	-		41,577
Total assets							511,722
Reportable segment liabilities	272,618	48,345	46,211	367,174	422		367,596
Capital expenditure	605	2,641	2	3,248	-		3,248

* *Rental and general corporate activities*

4.2 Disaggregation of Revenue

	Group 6 months ended 30 June 2023						
	Construction $’000	**Engineering solutions $’000**	**Property development $’000**	**Segments total $’000**	**Others* $’000**	**Elimination $’000**	**Total $’000**
Types of goods or services:							
Revenue from construction contracts and engineering solutions	126,041	36,881	-	162,922	-	(22,959)	139,963
Revenue from sales of development properties	-	-	20,464	20,464	-	-	20,464
Rental income	-	-	-	-	211	-	211
Total revenue	126,041	36,881	20,464	183,386	211	(22,959)	160,638
Timing of revenue recognition:							
At a point in time	-	25,823	20,464	46,287	-	(15,631)	30,656
Over time	126,041	11,058	-	137,099	211	(7,328)	129,982
Total revenue	126,041	36,881	20,464	183,386	211	(22,959)	160,638
Geographical information:							
Singapore	126,041	36,881	-	162,922	209	(22,959)	140,172
PRC	-	-	20,464	20,464	-	-	20,464
Malaysia	-	-	-	-	2	-	2
Total revenue	126,041	36,881	20,464	183,386	211	(22,959)	160,638

* *Rental and general corporate activities*

4.2 Disaggregation of Revenue

	Group 6 months ended 30 June 2022						
	Construction **$'000**	**Engineering solutions** **$'000**	**Property development** **$'000**	**Segments total** **$'000**	**Others*** **$'000**	**Elimination** **$'000**	**Total** **$'000**
Types of goods or services:							
Revenue from construction contracts and engineering solutions	118,080	16,131	-	134,211	-	(2,356)	131,855
Revenue from sales of development properties	-	-	16,821	16,821	-	-	16,821
Rental income	-	-	-	-	61	-	61
Total revenue	118,080	16,131	16,821	151,032	61	(2,356)	148,737
Timing of revenue recognition:							
At a point in time	-	12,082	16,821	28,903	-	(1,666)	27,237
Over time	118,080	4,049	-	122,129	61	(690)	121,439
Total revenue	118,080	16,131	16,821	151,032	61	(2,356)	148,737
Geographical information:							
Singapore	118,080	16,131	-	134,211	-	(2,356)	131,855
PRC	-	-	16,821	16,821	-	-	16,821
Malaysia	-	-	-	-	61	-	61
Total revenue	118,080	16,131	16,821	151,032	61	(2,356)	148,737

* *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 Major Customers

During the financial period ended 30 June 2023 and 30 June 2022, revenue from certain customers (named alphabetically A to D) of the Group's construction segment amounted to approximately $75,990,000 (2022: $65,538,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the period were as follows:

	30 June 2023		**30 June 2022**	
	$'000	**%**	**$'000**	**%**
Customer A	30,458	19	17,826	12
Customer B	25,664	16	16,787	11
Customer C	19,868	12	15,977	11
Customer D	-	-	14,948	10
Total	75,990	47	65,538	44

5 Loss before tax

Significant items

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

		Group		
		6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000	Change %
(a)	**Other incomes include**			
	Fees from project and property management	(86)	(114)	-25%
	Gain on disposal of:			
	- property, plant and equipment	(14)	(124)	-89%
	- scrap parts and materials	(468)	(133)	>100%
	Government grants/credit scheme	(149)	(1,517)	-90%
	Training and testing fee income	(164)	(74)	>100%
	Management fees	(545)	(242)	>100%
(b)	**Other expenses include**			
	Advertisement and Commission expenses	492	242	>100%
	Property, plant and equipment written off	30	-	>100%
	Bad debt written off	126	1	>100%
	Entertainment	170	242	-30%
	Impairment on contract assets	(161)	5,038	N.M.
	Legal and Professional fees	2,482	1,202	>100%
	Short term/low value lease expenses	116	532	-78%
	Property tax	385	376	2%
	Property management expenses	72	129	-44%
	Repair and maintenance	953	1,377	-31%
	Travelling and transport	178	161	11%
(c)	**Finance income and costs include**			
	Interest income on:			
	- cash and cash equivalents	(606)	(247)	>100%
	Interest expense on:			
	- bank loans	2,380	1,018	>100%
	- lease liabilities	389	74	>100%
	Exchange loss	683	110	>100%

6 Related party transactions

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

	Group	
	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000
Affiliated corporations		
Lease of storage space	673	724
Hiring charges	2,262	1,544
Consultancy fees	583	167
Joint venture		
Recharge of staff costs	-	66
Construction revenue	(2,724)	(6,218)
Related party		
Construction cost	179	100

7 Taxation

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

	Group	
	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000
Tax recognised in profit or loss		
Current tax		
Current period	417	795
Changes in estimate related to prior periods	112	12
	529	807
Deferred tax		
Origination and reversal of temporary differences	(114)	-
Land appreciation tax		
Current period	-	1,338
Total tax expense	415	2,145

8 Dividends

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

	Group and Company	
	30 June 2023 $'000	30 June 2022 $'000
Paid by the Company to owners of the Company		
2021: 0.25 cent share per qualifying ordinary share	-	1,104

9 Net Asset Value

	Group		Company	
	30 June 2023 (cents)	31 December 2022 (cents)	30 June 2023 (cents)	31 December 2022 (cents)
Net asset value per ordinary share based on issued share capital at the end of:	16.07	20.89	8.20	8.49

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 441,076,649 shares as at 30 June 2023 (31 December 2022: 441,076,649).

10 Accounting classifications and fair values

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

	Carrying amount			Fair value			
	FVOCI# - equity instruments $'000	**Amortised cost $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group							
30 June 2023							
Financial assets measured at fair value							
Quoted equity investments – at FVOCI	22	-	22	22	-	-	22
Unquoted equity investments – at FVOCI	445	-	445	-	-	445	445
	467	-	467				
Financial assets not measured at fair value							
Trade and other receivables*	-	72,568	72,568				
Contract assets	-	42,387	42,387				
Amount due from related parties	-	24,412	24,412				
Cash and cash equivalents	-	95,933	95,933				
	-	235,300	235,300				
Financial liabilities not measured at fair value							
Amounts due to related parties	-	(10,611)	(10,611)				
Trade and other payables**	-	(118,500)	(118,500)				
Contract liabilities	-	(122,838)	(122,838)				
Loans and borrowings	-	(103,314)	(103,314)	-	(98,002)	-	(98,002)
	-	(245,263)	(245,263)				

* *Excluded tax prepayments, deposits and prepayments, advances to suppliers and government grant receivables*
*** Excluded GST payables, deferred income and provisions*
# *FVOCI = fair value through other comprehensive income*

	Carrying amount			Fair value			
	FVOCI# - equity instruments $'000	Amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group							
31 December 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	-	(10,499)	(10,499)				
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*
# *FVOCI = fair value through other comprehensive income*

	Carrying amount	
	Amortised cost $'000	**Total $'000**
Company		
30 June 2023		
Financial assets not measured at fair value		
Trade and other receivables	2,252	2,252
Amount due from related parties	47,317	47,317
Cash and cash equivalents	44	44
	49,613	49,613
Financial liabilities not measured at fair value		
Amounts due to related parties	66,987	66,987
Trade and other payables	434	434
	67,421	67,421
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		
Amounts due to related parties	(207)	(207)
Trade and other payables	(64,964)	(64,964)
	(65,171)	(65,171)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

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

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Financial instruments not measured at fair value – Group and Company			
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 reporting period 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 1H2023 and 2022.

(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 2023	490
Net change in fair value	(45)
At 30 June 2023	445

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 1H2023 and 2022 are insignificant.

11 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to $1,776,000 (31 December 2022: $8,312,000) and disposed of assets amounting to $747,000 (31 December 2022: $1,474,000).

Measurement of recoverable amounts of property, plant and equipment

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

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

12 Contract assets and contract liabilities

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

	Group	
	30 June 2023	**31 December 2022**
	$'000	**$'000**
Contract assets	42,387	75,646
Contract liabilities	(122,838)	(74,300)

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

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

13 Development properties

		Group	
		30 June 2023	**31 December 2022**
		$'000	**$'000**
(a)	Properties under development, for which revenue is to be recognised at a point in time		
	Land and land related costs	72,758	72,379
	Development costs	52,788	65,586
		125,546	137,965
	Allowance for diminution in value	(24,267)	(25,180)
	Properties under development	101,279	112,785
(b)	Completed development properties, at cost	35,810	45,371
	Allowance for diminution in value	(7,785)	(8,639)
	Completed development properties	28,025	36,732
	Total development properties	129,304	149,517

Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group
	30 June 2023
	$'000
At 1 January	33,819
Utilisation during the period	(496)
Translation differences on consolidation	(1,271)
At 30 June	32,052

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

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

Management has assessed that the estimated costs to completion and estimated selling price remains substantially unchanged from those as at 31 December 2022 and no revision to the allowance for diminution in value as required as at 30 June 2023.

During the 1H2023, completed development properties of $18,503,000 (1H2022: $12,413,000) were recognised as an expense and included in "Cost of sales of development properties".

14 Assets held for sale

In June 2023, 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.

The details of the properties classified as assets held for sale as at 30 June 2023 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
Fang Yoong building	Leasehold land and leasehold properties under property, plant and equipment

	Group	
	30 June 2023	**31 December 2022**
	$'000	**$'000**
SLF building	3,481	3,481
6 Tuas South Street 11	12,120	12,115
Pontian land	9,070	9,493
Fan Yoong building	16,905	-
	41,576	25,089

15 Provisions

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

	Provision for penalties	**Provision for onerous contracts**	**Total**
	$'000	**$'000**	**$'000**
Group			
At 1 January 2023	4,562	75,260	79,822
Utilisation during the year	-	(32,061)	(32,061)
Provision made during the period	593	-	593
At 30 June 2023	5,155	43,199	48,354

The provision for penalties made during the period has been included in "Costs of sales of development properties".

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.

16 Loans and borrowings

	Group	
	30 June 2023	**31 December 2022**
	$'000	**$'000**
Amount repayable within one year or on demand		
Secured bank loans	79,685	81,617
Lease liabilities	983	1,040
Liabilities directly associated with assets held for sale	16,313	10,125
	96,981	92,782
Amount repayable after one year		
Secured bank loans	8,713	15,802
Lease liabilities	2,233	3,229
	10,946	19,031
Total loans and borrowings	107,927	111,813

The secured bank loans are secured on the following assets:

	Group	
	30 June 2023	**31 December 2022**
	$'000	**$'000**
Carrying amounts of assets:		
Leasehold land	3,906	3,961
Freehold land	3,613	3,641
Leasehold properties	19,179	36,102
Plant and machinery	1,201	1,352
Fixed deposits	-	557
Assets held for sale	41,576	25,089
Total	69,475	70,702

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

The Group has a secured revolving credit facility with a carrying amount of $1,000,000 as at 30 June 2023. This revolving credit contains a covenant stating that the Group's net worth has to be at $200 million. As at 30 June 2023, the Group's net worth was below the threshold. The Group is obtaining a waiver from the bank for the requirement of maintaining the Group's net worth. As at the date of this report, the Group has not obtained the waiver letter. The Group believes it will be able to repay the revolving credit facility if it is called.

17 Share capital

	30 June 2023		**31 December 2022**	
	No of shares	**$'000**	**No of shares**	**$'000**
Issued and fully paid ordinary shares, excluding treasury shares				
As at 1 January 2022/2021	441,076,649	177,041	441,419,549	177,074
Treasury shares purchased	-	-	(342,900)	(33)
As at 30 June 2023/31 December 2022	441,076,649	177,041	441,076,649	177,041

The Company held 18,547,200 treasury shares as at 30 June 2023 (18,547,200 treasury share as at 31 December 2022) which represent 4.20% (4.20% as at 31 December 2022) 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.

18 Significant commitments

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

	Group	
	30 June 2023	**31 December 2022**
	$'000	**$'000**
Development costs contracted but not provided for:		
- subsidiaries	3,108	6,842
- joint ventures	5,204	8,893
	8,312	15,735

19 Financial guarantee by the Company in respect of banking facilities provided to subsidiaries

	30 June 2023 **$'000**	**31 December 2022** **$'000**
Significant issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for its subsidiaries	559,944	547,633

As at 30 June 2023 and 31 December 2022, the Company does not consider it probable that the claims will be made against the Company under these guarantee contracts.

Other Information Required by Listing Rule Appendix 7.2

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

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

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

Not Applicable.

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

The financial information for the current financial year reported on have been prepared using the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2022.

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

The Group has adopted all new and revised Singapore Financial Standards (International) ("SFRS(I)") issued by the Accounting Standards Council that are relevant to the Group and effective for financial year beginning on 1 January 2023.

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

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

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

Review of Group Performance for 1H2023 vs 1H2022

Overview

	Construction	Engineering Solution	Property Development	Others	Elimination	Total
	Six Months Ended 30 June 2023					
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	126,041	36,881	20,464	211	(22,959)	160,638
Costs	(123,304)	(38,960)	(18,503)	-	22,959	(157,808)
Gross Profit/(Loss)	2,737	(2,079)	1,961	211	-	2,830
Other income	319	1,351	107	132	(90)	1,819
Depreciation and amortisation	(2,259)	(253)	(4)	(31)	-	(2,547)
Selling expenses	-	-	(674)	-	-	(674)
Staff costs	(5,705)	(2,272)	(640)	(405)	-	(9,022)
Other expenses	(2,190)	(581)	(1,454)	(1,332)	90	(5,467)
Loss from operating activities	**(7,098)**	**(3,834)**	**(704)**	**(1,425)**	**-**	**(13,061)**

	Construction	Engineering Solution	Property Development	Others	Elimination	Total
	Six Months Ended 30 June 2022					
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	118,080	16,131	16,821	61	(2,356)	148,737
Costs	(131,497)	(26,936)	(12,413)	-	2,356	(168,490)
Gross Profit	(13,417)	(10,805)	4,408	61	-	(19,753)
Other income	1,568	898	10	53	(90)	2,439
Depreciation and amortisation	(2,965)	(179)	(4)	(26)	-	(3,174)
Selling expenses	-	-	(352)	-	-	(352)
Staff costs	(6,209)	(2,260)	(572)	(602)		(9,643)
Other expenses	(2,580)	(5,780)	(1,544)	(645)	90	(10,459)
(Loss)/Profit from operating activities	**(23,603)**	**(18,126)**	**1,946**	**(1,159)**	**-**	**(40,942)**

As a whole, the Group reported a lower operating loss in 1H2023 of $13.1 million as compared to a loss of $40.9 million in 1H2022. The narrowed loss was mainly due to a smaller loss recorded from construction and engineering solution. An additional onerous contract of $17.5 million were provided for pre-COVID projects in 1H2022, following Ukraine war and supply chain disruption which added cost to the Group's pre-COVID projects.

Group Revenue and Revenue from construction and engineering solutions segment

Group revenue increased by approximately $11.9 million from $148.7 million in 1H2022 to $160.6 million in 1H2023, which was mainly due to the increase in revenue from construction and engineering solutions following the resumption of construction work.

Revenue from sales of development properties

Revenue from sales of development properties in 1H2023 amounted to $20.5 million contributed mainly from the sale recognition of 36 units from Equinox Project. In 1H2022, revenue amounted to $16.8 million contributed mainly from the sale recognition of 8 units from Tranquility Project and 8 units from Equinox Project.

As at 30 June 2023, approximately $10.1 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	430	10	125	Note 1	13,816
	Area ('000 sqm)	172	109	85	3	21	63	
Tranquility	Units	636	636	634	2	-	-	20,952
	Area ('000 sqm)	100	100	99	1	-	-	

Note 1: Launch of products for subsequent phases to be finalized on accordance to market demand

^ Average selling price

Gross profit in construction segment

Gross profit margin of approximately 2.2% in 1H2023 as compared to gross loss margin of 11.4% in 1H2022 mainly due an additional onerous contract of $17.5 million were provided for pre-COVID projects in 1H2022. Gross profit of $2.7 million in 1H2023 due to the differences in projects' profile and relative weighted average profitability in the projects recognised over the two periods.

Gross loss in engineering solutions

Gross loss margin improved from 67.0% in 1H2022 to 5.6% in 1H2023 mainly due to the effect of over recognition of RVD revenue in prior years. The gross loss recorded in both 1H2023 and 1H2022 were mainly due to lower production volume to cover the segment production overhead and differences in profitability from various projects over the two periods.

Gross profit in property development segment

Gross profit margin decreased from 26% in 1H2022 to 9.6% in 1H2023 mainly due to the differences in projects' profile and relative profitability in the units recognised over the two periods.

Other income

Our other income decreased by approximately $0.6 million from $2.4 million in 1H2022 to $1.8 million in 1H2023 mainly due to tapering of government support.

Expenses

Our depreciation and amortisation decreased by approximately $0.7 million from $3.2 million in 1H2022 to $2.5 million in 1H2023 mainly due no depreciation for assets held for sales which were transferred from investment property and leasehold property at 31 December 2022.

Our selling expenses increased by approximately $0.3 million from $0.4 million in 1H2022 to $0.7 million in 1H2023 mainly due to increase in sales commission for the sale of development properties following higher revenue recognition.

Our staff costs decreased by approximately $0.6 million from $9.6 million in 1H2022 to $9.0 million in 1H2023 mainly due to lower bonus provision in 1H2023.

Our other expenses decreased by approximately $5.0 million from $10.5 million in 1H2022 to $5.5 million in 1H2023 due to provision of impairment on contract assets of $5.0 million in 1H2022.

Net finance costs

Our net finance cost has increased by approximately $1.2 million from $2.0 million in 1H2022 to $3.2 million in 1H2023. This is mainly due to the higher borrowing cost following the increase in interest rate.

Share of profit of joint ventures, net of tax

The Group registered a higher share of profit from joint ventures by approximately $0.5 million from $0.5 million in 1H2022 to $1.0 million in 1H2023 due mainly to higher net contribution from joint ventures projects.

Loss for the period

As a result of the foregoing, 1H2023 reported a loss after tax of approximately $15.6 million as a result of the factors mentioned in the preceding paragraphs.

<u>Review of Group Financial Position</u>

Non-current assets

Our non-current assets decreased by approximately $23.0 million from $122.9 million as at 31 December 2022 to $99.9 million as at 30 June 2023.

The decreased in non-current assets was mainly due to reclassification of $16.9 million from right-of-use assets and property, plant and equipment to assets held for sale, and decrease in joint ventures by $7.7 million due to the reclassification of loan to a joint venture of $7.7 million from non-current to current, which is expected to be received within next 12 months. The decrease partially offset by the increase in investment property by $0.8 million due to the reclassification from development property to investment property, increase in intangible assets by approximately $0.5 million due to capitalised software development expenditure, increase in non-current trade and other receivables by approximately $5.6 million from $20.0 million to $25.6 million, which was mainly due to increase in retention sum receivables following pick up in construction activities.

Current assets

Our current assets increased by approximately $1.5 million from $384.8 million as at 31 December 2022 to $386.3 million as at 30 June 2023. The increase in current assets was mainly due to:

(i) Increase in inventories by $1.7 million to $5.3 million as at 30 June 2023 mainly due to more inventories due to the timing difference of delivering inventory to customers.

(ii) Increase in cash and bank balances by $48.3 million to $95.9 million as at 30 June 2023 mainly due to positive operating cash flow generated and repayment of loan from a joint venture.

(iii) Reclassification of right-of-use assets and property, plant and equipment of approximately of $16.9 million to assets held for sale, which is expected to realise within next 12 months.

The increase was partially offset by:

(iv) Decrease in development properties by $20.2 million to $129.3 million as at 30 June 2023 was due mainly to revenue recognition partially offset by development cost incurred for the same period.

(v) Decrease in amount due from related parties by $11.3 million as at 30 June 2023 was mainly due to the repayment of approximately $18.3 million from a joint venture partially offset by reclassification of $7.7 million of loan to a joint venture from non-current to current, which is due to be received within next 12 months.

(vi) Decrease in contracts assets by approximately $33.3 million to $42.4 million as at 30 June 2023, which was mainly due to timing between revenue recognition and actual billing of certain projects over the periods under review.

Non-current liabilities

Our non-current liabilities decreased by approximately $5.8 million from $31.9 million as at 31 December 2022 to $26.1 million as at 30 June 2023.

The decrease in non-current liabilities was mainly due to the decrease in loan and borrowings by approximately $8.1 million to $10.9 million as at 30 June 2023 that due to reclassification of borrowings due within 12 months to current liabilities. The decrease in non-current liabilities was partially offset by the increase in non-current trade and other payables by approximately $2.2 million to $14.5 million as at 30 June 2023, which was mainly due to increase in retention sum payables arising from increased construction activities.

Current liabilities

Our current liabilities increased by approximately $5.9 million from $379.3 million as at 31 December 2022 to $385.2 million as at 30 June 2023. The increase in current liabilities was mainly due to:

(i) Increase in contract liabilities by approximately $48.5 million to $122.8 million as at 30 June 2023 mainly due to increase in the excess of progress billing over construction revenue of certain projects over the period under review.

(ii) Increase in loan and borrowings by approximately $4.2 million to $97.0 million as at 30 June 2023 was due to reclassification of borrowings due within 12 months from non-current liabilities to current liabilities.

The increase was partially offset by decrease in trade and other payables by approximately $46.9 million to $151.8 million as at 30 June 2023, of which, decrease in accrued trade payables of $14.0 million and utilisation of provision for onerous contract of $32.1 million in 1H2023.

Review of Statement of Cash Flows

Net cash generated from operating activities

Net cash generated from operating activities was approximately $35.9 million, which was primarily due to overall improvement in working capital movement.

Net cash generated from investing activities

Net cash generated from investing activities was approximately $17.3 million in 1H2023, which was primarily due to the repayment of loan from a joint venture of $18.3 million, which was partially offset by purchase of property, plant and equipment of $1.8 million.

Net cash used in financing activities

Net cash used in financing activities was approximately $7.8 million in 1H2023, which was primarily due to net repayment borrowing of $4.6 million.

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

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

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

Construction Outlook

At the start of 2023, the Building and Construction Authority (BCA) projected construction demand to range between $27 billion and $32 billion[1]. Data from the Singapore Construction Industry Databook puts the full-year growth figure at 2.1%, hitting a more optimistic $35.9 million by end-2023[2]. Despite near-term challenges such as labor shortages and high construction costs, the medium to long-term growth story within the Singapore construction industry remains positive, with a forecasted compound annual growth rate ("CAGR") of 2.5% during 2023-2027, hitting an output of approx. $38.6 billion by 2027[3].

In 2023, several new legislations will impact the construction industry in Singapore. For example, new regulations under the Building Control Act will dictate the greater usage of prefabricated construction elements and systems in building projects. As one of the pioneers in using prefabricated building materials in its construction projects, the Group is well-positioned to capitalise on new opportunities in this arena. BCA is also set to implement new regulations under the Environmental Protection and Management Act (EPMA) that will require contractors to engage in the use of sustainable materials and processes, as well as the implementation of systems to reduce waste and energy consumption. Such sustainable practices are very much incorporated within the Group's existing projects and we strive to continue playing a quintessential role to protect our climate and environment.

The Group's order book as at 30 June 2023 stood at approximately $0.92 billion were derived from total contract value after deducting certified work done which is expected to extend till year 2024.

Property Development Outlook

Singapore

In Singapore, the Group's remaining joint venture development project, Cairnhill Rise ("Cairnhill Project") with last 10 units as at 30 June 2023. This project is an exclusive 15-storey freehold residential condominium at 16 Cairnhill Rise in District 9, Singapore's prime residential district. The project is scheduled for Temporary Occupation Permit ("TOP") in end-2023.

China

Our property development segment in China remains relatively subdued as a result of the country's embattled real estate market. Nonetheless, the Group has continued to make progress in the sale of its development projects.

As at 30 June 2023, approximately $10.1 million of gross development value comprises 10 units of the Equinox and 2 units of Tranquility Residences were sold, but yet to be recognised as revenue in accordance to the Group's revenue recognition policy.

As at 30 June 2023, approximately 77.9% of the total 565 units launched for Equinox project and 100% of the total 636 completed units for Tranquility project have been sold.

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[1] Singapore's Construction Demand to Remain Strong in 2023

[2] Singapore Construction Industry Databook Series Q12023 Update: Infrastructure Projects to Support Market Growth

[3] Singapore Construction Industry Databook Series Q12023 Update: Infrastructure Projects to Support Market Growth

8. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend had been declared by the Board of the Company in respect of 1H2022. The Company had been declaring dividend annually in full year results announcement since 2010 till 2021.

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

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 30 June 2023.

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)

		1H2023	1H2023
		$'000	$'000
Hiring charges Peck Tiong Choon Transport (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	2,258
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	-	4
Total		-	2,262
Lease of Storage Space			
Peck Tiong Choon Logistic (Pte) Ltd	Subsidiary of Controlling Shareholder, Peck Tiong Choon (Private) Limited	673	-
Total		673	-
Total Transactions with associates of a Controlling Shareholder		673	2,262
Consultancy fees			
G&T Multitask (Private Limited)[#]	Associate of Director, Pek Zhi Kai	583	-
Total		583	-
Total Transactions with Associate of a Director		583	-

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

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

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

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

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

12. **Confirmation pursuant to Rule 705(5) of the Listing Rule**

On behalf of the Board of Directors of the Company, we confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the half year ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board

Pay Sim Tee Executive Director & CEO	Pek Zhi Kai Executive Director

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
14 August 2023