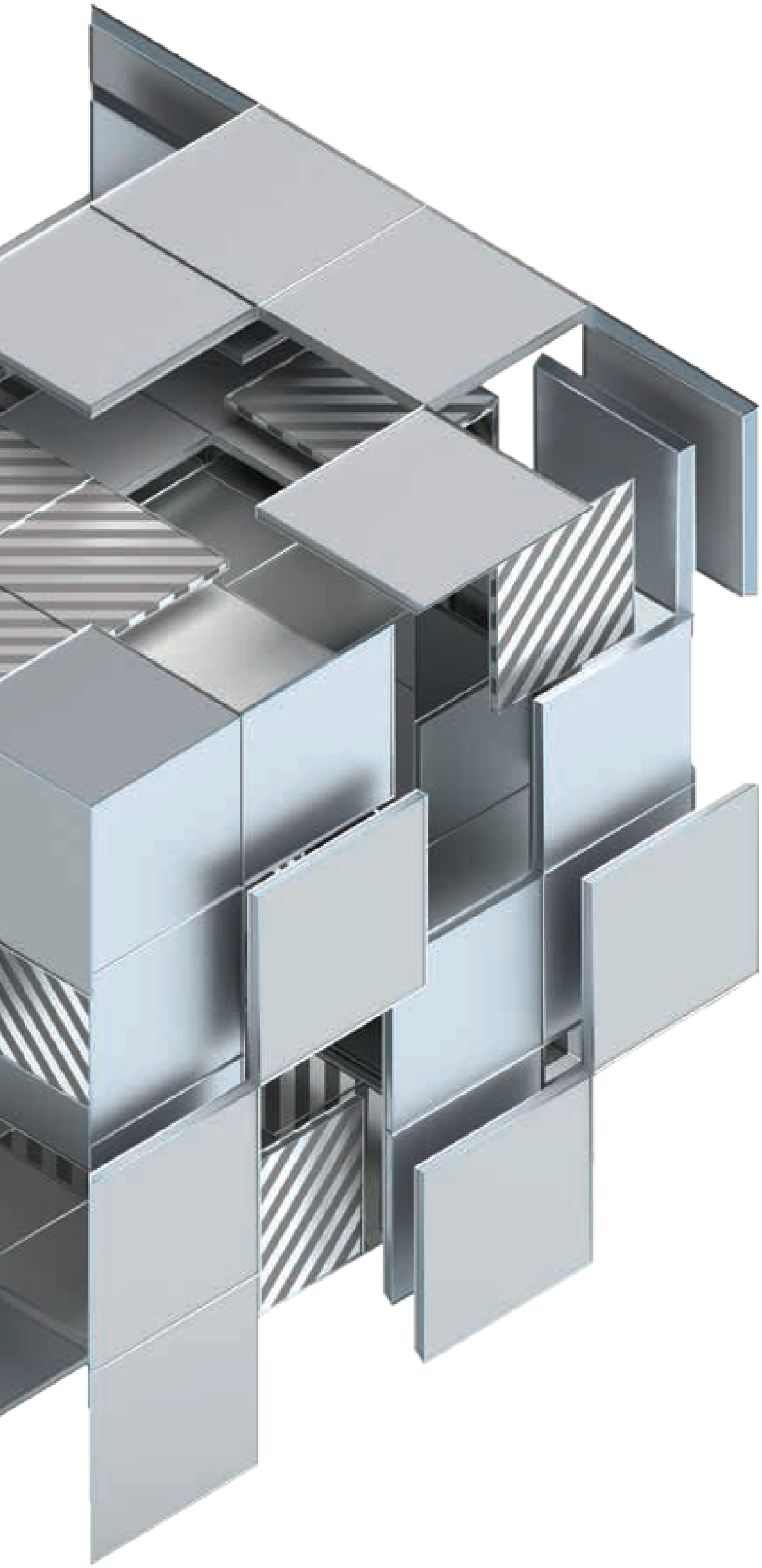
TIONGSENG GROUP 长成控股

FORGING AHEAD
THROUGH TRANSFORMATION

ANNUAL REPORT 2020



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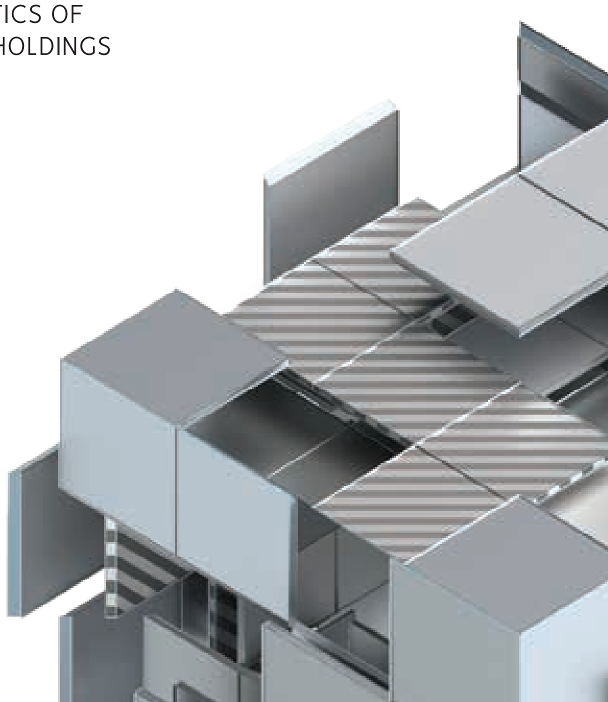


CORPORATE PROFILE

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

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

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

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

COVER STORY

FORGING AHEAD THROUGH TRANSFORMATION

The COVID-19 pandemic and the subsequent operational disruptions we experienced during the year highlighted the need for us to pivot quickly and accelerate change across the organisation. Faced with work-from-home requirements during the Circuit Breaker ("CB") period, we took the opportunity to kickstart our corporate transformation drive guided by our three key thrusts, namely (i) digitalising our organisation, (ii) creating a high-performance team and (iii) adopting a culture of graciousness.

On the digitalisation front, we have identified technology adoption and digitalisation of our work flows as critical factors to increase efficiency and productivity. Through the analysis of real-time data, we have also been able to generate in-depth insights that can help us take proactive action and enhance our performance in all areas of our operations. Importantly, we are also aware that digital connectivity amongst our workforce has become more critical than ever due to the work-from-home trend which is here to stay. To this end, we have intensified our digitalisation efforts and will continue to improve on these capabilities moving forward.

As digitalisation becomes part of the status quo, having a high-performance team that is capable of thriving in this new digital environment is critical. Data from our recent digitalisation push during the CB period generated useful insights which have been used to optimise the allocation of our workforce and drive improved performance. These initiatives include re-deploying our staff or workers towards other relevant functions, or identifying up-skilling opportunities. Additionally, high-calibre talents have also been recruited to add vibrancy and competitiveness to our existing team. These efforts remain an ongoing process as we lay the groundwork for a lean, effective and high-performing workforce.

Finally, we adopted the tagline "Gracious Living, Gracious Working" to promote a culture of graciousness amongst our staff and workers. This philosophy extends not only at a surface level of being courteous and considerate towards our fellow colleagues, but also on a deeper level where we put ourselves in the shoes of others, and think about how we can add value to the team effort. Overall, we believe that graciousness forms the driving force for the success of our organisation and is paramount to helping us achieve our goals in digitalisation and creating a high-performance team.

ACCREDITATIONS & AWARDS

In 2020, despite disruptions from Covid-19, Tiong Seng won several awards and accreditations in recognition of our continuous efforts for high quality build, extensive of construction technology and ensuring workplace safety.

Tiong Seng has received numerous awards from various government and industry bodies in many areas over the years, testament to our high work quality and service standards. Among which, includes below key awards:

AWARDS

ENVIRONMENT, HEALTH & SAFETY

- BCA Green and Gracious Builder Award – Tiong Seng Contractors (Pte) Ltd – STAR
- BCA Green and Gracious Builder Award – Tiong Seng Civil Engineering (Private) Limited – MERIT
- bizSAFE (Partner) – Tiong Seng Contractors (Pte) Ltd
- bizSAFE (Star) – Tiong Seng Contractors (Pte) Ltd
- bizSAFE (Star) – Tiong Seng Civil Engineering (Private) Limited
- bizSAFE (Partner) – Tiong Seng Civil Engineering (Private) Limited
- AEC Excellence Awards 2020 – Kallang Polyclinic and Long Term Care Facility
- MOM SHARP Awards 2020 (Commendation) – Sloane Residences

ACCREDITATIONS

- Quality Management System ISO 9001: 2015
- Environment Management System ISO 14001: 2015
- Occupational Health & Safety Management System ISO45001:2018

SAFETY

RoSPA Occupational Health and Safety Award – (Sector Winner for Housebuilding and Property Development) in 2010 and 2011

QUALITY

BCA Quality Excellence Award (Quality Champion) – 2013

BUSINESS EXCELLENCE

Business Excellence Singapore Quality Award (SQA) – 2013

Built Environment Leadership Award (Platinum) – 2011

INNOVATION & PRODUCTIVITY AWARDS

BuildingSMART (Hong Kong) BIM Award – 2016

BuildingSMART (International) BIM Award – 2016

BCA BIM Awards Organisation – Platinum – 2017

BCA Highest Award – The Built Environment Leadership Award (Platinum Star) – 2019

BCA Construction Productivity Advocate (Organisation) Platinum Award – 2019

CHAIRMAN'S MESSAGE

MR ONG LAY KHIAM
Chairman

DEAR SHAREHOLDERS,

The year 2020 will be remembered for the COVID-19 global pandemic and its damaging consequences to lives and livelihoods all over the world. Singapore is no exception. For the year, the local economy contracted at a significant year-on-year rate of 5.4%, one of the worst years in terms of economic performance post our nation's independence.

During the year, temporary stoppage of construction activities during the Circuit Breaker period affected our ability to deliver on projects which impacted our revenue generation. A slow post Circuit Breaker resumption of activities due to safe distancing management measures at our worksites and offices compounded the problem. The global travel restrictions that greatly hampered our recruitment of foreign workers have also led to the severe shortage of labour which again negatively affected our construction operations. Consequently, our company registered a set of unsatisfactory performance results, the worst since our initial public offering in 2010.

The humbling experience of 2020 calls upon us to expedite our pace of transformation in the face of all the challenges that we must face even in the post-pandemic scenario. It is therefore vital that we continue to enhance our capabilities in Design for Manufacturing & Assembly ("DfMA") as well as digitalisation with the aim to continuously improve on our operational efficiency, effectiveness and product quality in order to achieve long-term development and growth.

In terms of DfMA, we have had the head start with the launch of our Tiong Seng Prefab Hub in 2012 which was a first-of-its-kind pre-cast automated hub in Singapore. In 2017, we reinforced our capabilities with the launch of our fully integrated PPVC Hub, again one of the first of its kind here. It is our intention to continue channelling our resources into DfMA so as to render us as one of the leading players in this space.

Digitalisation has also been a key focus for us as it complements and enables our DfMA efforts to create value for our stakeholders. Over the years, we have developed a variety of digital solutions including TS Connect (an advanced manufacturing execution system which automates and tracks the DfMA production process) and Doxa Connex (Singapore's first automated supplier procure-to-pay solution for the construction sector) to enhance our operating performance and productivity. With further investments and efforts, we hope to establish ourselves as one of the leading digitalised constructors locally and regionally.

Now I would like to highlight our efforts to further institutionalise Tiong Seng Holdings Limited's ("TSH") organisational structure. During the year, Executive Committees for the holding company as well as the specialised subsidiaries of our three business segments, namely construction, property development and engineering solutions, were established to streamline decision-making processes. Furthermore, it is my pleasure and privilege to welcome Dr Teo Ho Pin, a former member of parliament and mayor as well as a well-known personality in the built environment industry, to the TSH board as an independent director. I am confident that Dr Teo, with his outstanding background and experience, will be making meaningful contributions to our Group's future growth and success.

Lastly, I would like to sincerely thank our management team and all employees for their commitments and dedication, as well as our shareholders and other stakeholders for their unwavering support.

主席致辞

各位股东：

人们将永远记得2020年，因为2019冠状病毒(COVID-19)的疫情爆发，导致全世界的人民与生计受到严重影响。新加坡也不例外。新加坡2020年的经济年比萎缩5.4%，是其自独立以来，经济表现最糟的年度之一。

在2020年，建筑活动于冠病阻断措施(Circuit Breaker)期间暂停，因此我们交付项目的能力受到影响，进而影响了我们的收入。此外，由于我们在工地及办公室实施安全距离管理措施，建筑活动在阻断措施之后恢复缓慢，加剧了我们所面对的问题。全球旅游限制大大地影响了我们聘请外籍劳工，这也导致劳工严重短缺，进一步对我们的建筑业务造成负面影响。因此，我们公司的业绩不理想，是其自2010年首次公开售股以来，最糟的表现。

有鉴于2020年的经历，我们加速转型的步伐，以面对疫情之后的所有挑战。因此，我们必须继续提升我们在“制造与装配而设计”(Design for Manufacturing & Assembly, DfMA)技术方面的能力，以及进行数码转型来持续提高我们的营运效率、效益和产品质量，以便能够长期发展和长期取得增长。

在DfMA技术方面，我们已提前展开计划，于2012年设立了长成预制中心(Tiong Seng Prefab Hub)，后者是新加坡首个综合建筑与预制设施。在2017年，我们推出了我们的全面综合预制体积建设(PPVC)中心，以加强自身能力，该中心也是新加坡首个PPVC设施。我们继续把资源投入到DfMA技术中，以期成为这个领域的领先业者之一。

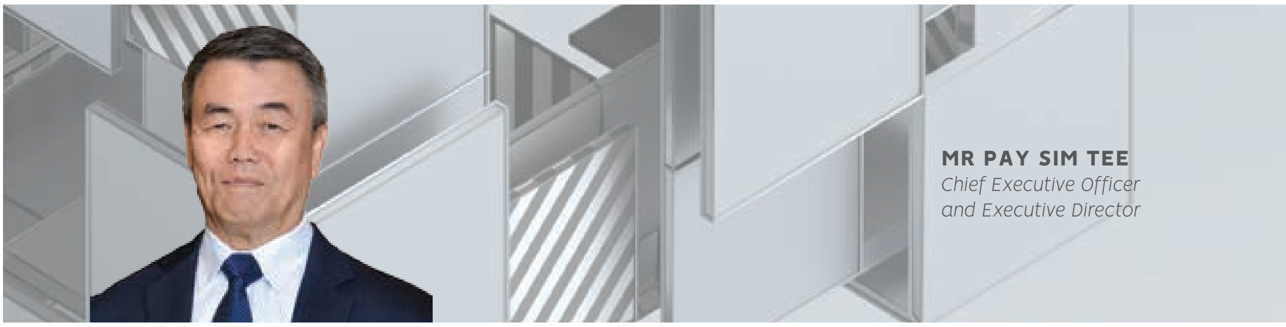
进行数码转型也是我们主要着重的一部分，由于数码科技与我们的DfMA技术相辅相成，并且能使我们的DfMA技术为利益相关者创造价值。多年来，我们已开发了多项数码方案服务，其中包括TS Connect (这是一个先进的制造执行系统，它自动操作及追踪DfMA的生产过程)和Doxa Connex(这是新加坡首个为建筑领域而设的自动化供应商采购到付款方案服务)，以提高我们的营运效率及生产力。随着我们进一步作出投资及努力，我们希望能够确立自己在本地与区域内作为领先数码建筑商之一的地位。

现在，我将说明我们进一步将长成控股(Tiong Seng Holdings Limited)的组织结构制度化所作出的努力。在2020年，长成控股及3家专门从事建筑，产业发展及工程服务业务的子公司都成立了执行委员会以精简决策过程。此外，我非常荣幸并欢迎张俐宾博士(Dr Teo Ho Pin)加入长成担任独立董事。张博士是前国会议员与市长，同时也是在建筑环境领域里的名人。我有信心，凭借张博士的杰出背景和阅历，他将能为集团的未来增长提供重要贡献，以及帮助集团在未来取得成功。

最后，我想对我们的管理团队及所有员工的付出与努力表达谢意，同时也感谢我们的股东及其他利益相关者不断地支持我们。

主席
王励谦

CEO'S MESSAGE



MR PAY SIM TEE
Chief Executive Officer and Executive Director

DEAR SHAREHOLDERS,

2020 was an unprecedented and challenging year, with the COVID-19 pandemic impacting the livelihoods of many and disrupting economies and businesses around the world. The built environment sector was no exception. In Singapore, the suspension of construction activities during the Circuit Breaker period[1] as well as the slow pace of recovery thereafter led the construction sector to contract by 36.0%[2] year-on-year ("yoy"), a sharp reversal from the 1.6% yoy growth recorded in 2019.

PLAYING OUR PART DURING THE PANDEMIC

During this trying period, we made it our priority to ensure that the health and safety of all of our workers and employees were met. Apart from implementing stringent safe management measures at our offices and worksites at the onset of the outbreak, we continued to maintain close communication with our migrant workforce and the relevant authorities. In particular, we moved quickly to ensure that adequate support systems and arrangements were made available following the spike in confirmed COVID-19 cases amongst migrant workers across the island.

Beyond our organisation, we contributed to the nation in ways that we are best at – offering our building expertise and working hand-in-hand with our government to build temporary dormitories to manage the crisis. We also assisted to convert the Singapore Expo into a recovery centre for patients recovering from COVID-19, helping to relieve the pressure placed on our medical system.

Looking back, we are pleased to have been able to play our part and contribute positively towards the recovery of our nation. To this end, I would like to take this opportunity to express my sincere appreciation to all of our selfless staff and workers who volunteered, knowing full well the risks involved during the height of the pandemic, and having to rush through day and night to ensure the facilities were up and running in time.

CHARTING OUR ROAD TO RECOVERY

In view of the current market uncertainties, we do expect the road to recovery to be long and challenging. However, we remain cautiously hopeful that the situation will improve following the rollout of inoculation efforts globally and the resultant gradual reopening of borders thereafter, a critical step towards addressing the current shortage of manpower and spike in labour costs faced by the industry.

Having accelerated our corporate transformation drive during the Circuit Breaker period, we are positive that we can overcome the setbacks that we are facing now and emerge stronger as an organisation, just as we have done many times before in our long history of over 60 years. In the meantime, we are confident that our resilient balance sheet and healthy cash position will help us to navigate the immediate headwinds, and we do not foresee any issues in meeting our financial obligations.

OUR CONSTRUCTION OUTLOOK

Despite the challenging operating conditions in 2020, we were able to end the year on a high by clinching a S$192.3 million contract from the National Youth Council under the Ministry of Culture, Community and Youth of Singapore to develop the latest Outward Bound Singapore ("OBS") Campus at Coney Island. Commenced in January 2021, the OBS project harnesses a variety of Tiong Seng's in-house Engineering Solutions capabilities surrounding the DfMA approach, including MET, Advanced Precast and hybrid PPVC technologies. Importantly, this project win bears testament to our competitive edge – our diversified production capabilities and track record in completing projects of varying complexity, uses and scale.

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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.*

2 *"Economic Survey of Singapore 2020", Ministry of Trade and Industry, 15 February 2021*

CEO'S MESSAGE

The OBS contract secured in December 2020 has also tipped our order book over the billion-dollar mark to S$1.27 billion as at the end of 31 December 2020. While we continue to navigate the tepid market landscape, brighter spots may emerge in 2021 as total construction demand is projected to come in between S$23.0 billion and S$28.0 billion, slightly higher than the S$21.0 billion recorded in FY2020. This will be driven by an improvement in demand for public housing, major infrastructure works and the redevelopment of the remaining en-bloc sales sites in 2021, coupled with backlogs of remaining workloads adversely affected by the COVID-19 pandemic in 2020.

DIGITALISING OUR FUTURE

Besides prospecting for new potential projects, we also took major steps towards developing our IDD capabilities and spearheading the digital revolution for the sector with the introduction of Doxa Connex, Singapore's first automated supplier procure-to-pay solution for the construction sector. It is our belief that proactive and timely digital transformation will put construction companies in good stead for recovery and growth when economic activity picks up eventually and demand for construction services resumes. With that said, we hope our partners and the wider industry will join us in making full use of Doxa Connex to drive up productivity and optimise the use of manpower as we chart recovery for the sector.

OUR PROPERTY DEVELOPMENT OUTLOOK

Our property development segment faced headwinds in FY2020 due the impact of the COVID-19 pandemic. In Singapore, we had temporarily closed our show flat for the Sloane Residences project at 17 Balmoral Road in compliance with the government's Circuit Breaker measures at the time. Similarly, we had to postpone the preview and launch of our Cairnhill 16 project at 16 Cairnhill Rise.

Looking ahead, we will continue to monitor the property market closely amid the uncertainties surrounding the COVID-19 pandemic. Accordingly, we will also take a cautious and prudent approach when launching existing projects or pursuing new opportunities to expand our portfolio of property developments. At the moment, both of our Singapore joint venture projects are currently under development and sales for our latest Cairnhill 16 project at 16 Cairnhill Rise is expected to launch in the first half of 2021.

A FINANCIAL REVIEW OF FY2020

We would now like to share our financial scorecard for the full year ended 31 December 2020 ("FY2020"). For FY2020, the Group posted a 41.8% yoy decline in revenue to S$235.9 million, mainly attributable to the lower volume of work performed for both the Group's construction and engineering solutions segments amid the Covid-19 pandemic, coupled with the slow resumption of construction activities. Overall, while the Group recorded a net loss attributable to shareholders of S$32.0 million for FY2020, this figure included a S$20.3 million non-cash provision for foreseeable losses on projects and impairment losses on valuation of its development properties in the PRC, as well as depreciation and amortisation of S$15.4 million. Net of all non-cash items, the Group instead recorded an operating profit before working capital changes of S$8.5 million for FY2020.

Construction and Engineering Solutions Segments

During the year, the Group's Construction and Engineering Solutions segments revenue recorded a 51.7% and 58.4% yoy decline to S$151.3 million and S$40.9 million for FY2020 respectively. This was due mainly to the temporary suspension and delay in construction activities amid the COVID-19 pandemic, as well as the slow resumption of construction activities the easing of circuit-breaker measures following in Singapore due to industry-wide manpower shortages. Overall, the Construction and Engineering Solutions segments posted an operating loss of S$21.0 million and S$7.0 million for FY2020 respectively. Notwithstanding the impact from the pandemic, the Group remains supported by a robust order book of S$1.27 billion as at the end of 31 December 2020 which extends to 2023.

Property Development Segment

The Group's revenue from the sale of development properties segment registered a 148.2% yoy increase to S$55.4 million for FY2020, mainly due to the timing of revenue recognition. This revenue was derived mainly from the sale recognition of 15 units (4,756 sqm) from Tranquility Project, 3 units (685 sqm) from Sunny International Project and 69 units (10,998 sqm) from Equinox Project. Notwithstanding the marked increase in revenue, the property development segment posted an operating loss of S$1.5 million for FY2020.

Our Balance Sheet

In spite of the tough operating conditions, the Group managed to generate positive operating cash flows of S$35.0 million for FY2020. On the other hand, the Group's balance sheet remains resilient with reduced gearing and net gearing ratios of 0.28 (31 December 2019: 0.34) and 0.10 (31 December 2019: 0.15) respectively. For FY2020, the

CEO'S MESSAGE

Group's earnings per share stood at (7.22) Singapore cents, reversing from 2.38 Singapore cents for the preceding year. Lastly, net asset value per share as at 31 December 2020 stood at 53.50 Singapore cents (As at 31 December 2019: 59.70 Singapore cents). Supported by a healthy cash balance of S$43.4 million as at 31 December 2020, the Group's balance sheet remains resilient and well-equipped to navigate the COVID-19 pandemic as well as capitalise on future growth opportunities once the economic situation normalises.

CORPORATE TRANSFORMATION VIA THREE KEY THRUSTS

While recovery is now in sight, the Singapore economy is still faced with numerous uncertainties and challenges, where fast adaptation is essential. Keeping this in mind, we had kickstarted our transformation drive during the Circuit Breaker period, readying ourselves for the new challenges we expect to face post-pandemic, to emerge from this crisis as a more resilient organisation poised for growth.

In 2021, we will continue to pursue our corporate transformation plans, driven by our three key thrusts, namely (i) transforming into a high-performance team, (ii) advancing digitalisation and (iii) adopting a culture of graciousness in all that we do. By realigning our focus based on these core pillars, we believe we will not only enhance our competitive edge over our industry peers, but also uphold our reputation as a forward-looking group, one in which our stakeholders are proud to be associated with and are aligned towards a common goal.

ENHANCING BOARD DEPTH AND DIVERSITY

Last but not least, I would like to give special mention and welcome to Dr Teo Ho Pin who joined Tiong Seng as our newly appointed Independent Non-Executive Director on 15 October 2020. Dr Teo has over his career built up a strong public service leadership track record and served directorships and C-level positions at various public and private sector companies. We are confident that his addition as independent director will help us further enhance our internal controls and corporate governance as we gear up for our next phase of growth. Furthermore, Dr Teo will bring a wealth of knowledge, experience and industry contacts to elevate our industry standing in time to come.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our staff and stakeholders for your constant support throughout the years, especially during the challenging period amid the COVID-19 pandemic. Furthermore, I would also like to extend my sincere appreciation to all of our loyal shareholders who have stuck with us through the years.

As a mark of confidence in the Group's long-term outlook, the Board is pleased to recommend a first and final dividend of 0.25 Sing cents per share (FY2019: 0.5 Sing cents) to our loyal shareholders.

MR PAY SIM TEE
Chief Executive Officer and Executive Director

总裁的话

各位股東：

2020年是前所未遇和充滿挑戰的一年，因為2019冠狀病毒(COVID-19)的疫情(以下簡稱"冠病疫情"、"疫情")爆發，令許多人的生計受到影響，並打亂了全球的經濟與企業的運作。建築環境領域也不例外。新加坡的建築活動在冠病阻斷措施(Circuit Breaker)期間[1]暫停，而由於復甦的步伐緩慢，建築業的增長年也比萎縮36.0%[2]，建築業於2019年錄得1.6%的年比增長。

在疫情期间付出努力

在这个艰难的时期，我们的优先考量是确保所有的员工及工人健康和安全。除了在疫情爆发之初于我们的办公室和工地实施严格的安全管理措施外，我们也持续与我们的客工及有关当局保持密切联系。我们也迅速作出反应，以确保支援系统与部署在新加坡的客工冠病确诊病例暴增后充足。

在集团以外，我们利用自身的长项为国家做出贡献，我们提供在建筑方面的专业知识，以及和新加坡政府合作建造临时宿舍以应对危机。我们也协助将新加坡博览中心(Singapore Expo)改造成一家康复中心，让正在从冠病中逐渐康复的病人入住，从而帮助纾缓新加坡医疗体系所承受的压力。

回顾过去，我们对能够为国家的复苏付出努力及提供正面的贡献感到欣慰。为此，我想借这个机会衷心地感谢所有无私、主动帮忙的员工及工人，他们非常清楚在疫情高峰期时所可能遭遇的风险，同时他们必须日夜奔波，以确保设施能够及时启动并运作。

为复苏做好准备

由于市场的情况目前不明朗，我们预计复苏的道路将会是漫长且充满挑战的。但是，我们保持审慎乐观，希望情况会在全球进行疫苗接种计划和逐步开放边境后好转，进行疫苗接种计划和逐步开放边境是解决建筑业目前所面临的人力短缺和劳工成本增加问题的重要一步。

我们在阻断措施期间加速进行企业转型，我们确信，我们将能够克服目前所面临的挫折，并让自己的实力更强，我们在过去60多年来也一直在加强自己的能力。与此同时，我们有信心，在财务状况稳健和拥有充裕现金的加持下，我们将能够乘风破浪，并且有能力偿还债务。

建筑前景

尽管2020年的营运情况具有挑战，但我们于2020年底获得一份总值1亿9,230万新元的合约，这份合约是由隶属新加坡文化、社区及青年部(Ministry of Culture, Community and Youth of Singapore, MCCY)的全国青年理事会(National Youth Council)颁发，目的是为了在科尼岛(Coney Island)发展最新的新加坡外展训练中心(Outward Bound Singapore, OBS)。这个OBS项目于2021年1月展开，它集结了长成一系列围绕着"制造与装配而设计"(Design for Manufacturing & Assembly, DfMA)的工程方案服务能力，其中包括层压胶合实木(MET)，先进预制(Advanced Precast)及预制体积建设(Prefabricated Prefinished Volumetric Construction, PPVC)技术。重要的是，赢得这个项目能够展现我们的优势，即多元化的生产能力，以及在完成多个不同复杂程度、用途和规模项目方面拥有良好往绩。

由于在2020年12月取得这份OBS合约，我们截至2020年12月31日的订单总额提高至12亿7,000万新元。虽然市场环境仍缺乏热度，但2021年可能会看见曙光，因为建筑总需求预计将会达到介于230亿新元至280亿新元的水平，这比在FY20录得的210亿新元略高。建筑总需求预计将会在2021年增加的原因是市场对公共住房、大型基建工程和重新发展剩余集体出售地段的需求将在2021年提高，以及进行因2020年爆发冠病疫情而未完成的余下项目。

数码转型

除了寻求新的潜在项目之外，我们也大举发展自己的IDD能力，并主导业内的数码转型，我们为建筑领域引进Doxa Connex，后者为新加坡首个自动化供应商采购到付款方案服务。我们相信，积极和及时地进行数码转型将有利于建筑公司在经济活动好转及市场对建筑服务的需求恢复时复苏和增长。因此，我们希望我们的合作伙伴及其他建筑企业能加入我们的行列，在建筑领域复苏之际，充分利用Doxa Connex，以提高生产力和充分利用人力。

产业发展前景

受到冠病疫情的影响，我们的产业发展业务在FY20 遇到阻力。新加坡方面，为了配合政府在当时所实施的冠病阻断措施，我们暂时关闭了位于巴慕乐路(Balmoral Road)17号的Sloane Residences项目的示范单位。同样的，我们必须把位于经禧坡(Cairnhill Rise)16号的Cairnhill 16项目的预览和推出推迟。

总裁的话

展望未来，我们将继续密切留意产业市场，尽管市场因冠病疫情而不明朗。因此，我们将在推出现有项目或寻求新机会以拓展项目组合时采取谨慎的态度。目前，我们在新加坡的2个合资项目正处于发展阶段，而我们的新项目，位于经禧坡(Cairnhill Rise)16号的Cairnhill 16项目预计将在2021年上半年推出。

回顾FY20财务业绩

现在，我们与你分享我们截至2020年12月31日(FY20)的全年业绩。集团的FY20收入年比下滑41.8%至2亿3,590万新元，主要是因为集团的建筑部门与工程方案服务部门的工作量在冠病疫情期间减少，以及建筑活动恢复缓慢。整体而言，虽然集团蒙受总值3,200万新元的FY20应归属于股东净亏损，但这其中包括一笔总值2,030万新元的非现金拨备，这笔拨备是为项目的可预期亏损和在中国的发展产业估值的减值亏损，以及总值1,540万新元的折旧与摊销亏损所作出的。在扣除了所有的非现金项目之后，集团在FY20录得850万新元的营运资本变动前营运利润。

建筑业务与工程方案服务业务

集团建筑业务与工程方案服务业务的FY20收入年比分别减少51.7%和58.4%至1亿5,130万新元和4,090万新元，主要由于建筑活动在冠病疫情期间暂停和延期，以及在新加坡阻断措施放宽后，整个行业面临人力短缺，使到建筑活动恢复缓慢。整体来说，建筑业务与工程方案服务业务在FY20分别蒙受2,100万新元和700万新元的营运亏损。尽管受到疫情冲击，但集团仍持有总值12亿7,000万新元的订单额(截至2020年12月31日)，这些订单将会在2023年完成。

产业发展业务

集团销售发展产业业务的FY20收入年比增加148.2%至5,540万新元，主因是确认了销售收入。这主要是因从Tranquility项目确认15个单位(4,756平方米)的销售、从Sunny International项目确认3个单位(685平方米)的销售，以及从Equinox项目确认69个单位(10,998平方米)的销售。尽管收入明显增多，但产业发展业务录得150万新元的FY20营运亏损。

财务状况

尽管营运状况艰难，但集团得以在FY20取得3,500万新元的正面营运现金流。另一方面，集团的财务状况依然稳健，其负债比与净负债比分别减低至0.28(截至2019年12月31日的负债比为0.34)和0.10(截至2019年12月31日净负债比为0.15)。集团的FY20每股盈利为负0.0722新元，上一年的每股盈利则为0.0238新元。最后，截至2020年12月31日的每股净资产值为0.5350新元(截至2019年12月31的每股净资产值为0.5970新元)。由于集团截至2020年12月31日的现金余额充裕(为4,340万新元)、财务状况依然稳健，它有能力应付冠病疫情所带来的挑战，以及在经济情况恢复正常后，把握未来的增长机会。

从3大方面进行企业转型

虽然目前有望复苏，但新加坡经济仍然面对许多不确定性和挑战，而能够快速适应是非常重要的。因此，我们在阻断措施期间展开了我们的企业转型计划，为我们预计将会在冠病疫情之后面对的新挑战做好准备，从而让我们成为更有实力的机构，取得增长。

在2021年，我们将通过3大方面继续进行企业转型，这3大方面是i)转型为高效团队，ii)进行数码转型，以及iii)建立以礼待人的文化。随着我们依据这些核心支柱调整重心，我们相信，我们不仅会提高我们在业内的竞争优势，也会维持我们作为具有前瞻性集团的地位，这是我们的利益相关者引以为豪、并与我们一同迈向共同目标的原因。

确保董事局有多元人才

我想在此欢迎张俐宾博士(Dr Teo Ho Pin)加入长成。张博士于2020年10月15日加入长成担任独立非执行董事。张博士在公共服务领域里有出色的领导能力和成就，他也曾在多个公共与私人企业担任董事及C级职位。我们有信心，在我们准备进入下一个发展阶段的过程中，我们的内控制度和企业治理将会因陈博士担任集团的独立董事而进一步加强。此外，张博士将凭借自身知识、经验和业内网络，帮助提升我们未来的业内地位。

鸣谢

我谨代表董事局感谢所有员工及利益相关者多年来不断地支持我们，尤其是在这个冠病疫情爆发的艰难时期。此外，我也想对我们所有的忠实股东致以诚挚的谢意。

为了表达对集团前景的信心，董事局建议派发每股0.0025新元的首个及最终股息(FY19所派发的股息为每股0.005新元)，以回报我们的忠实股东。

白仙知
总裁

[1] 2020年4月及2020年5月，新加坡政府在冠病阻断措施期间收紧安全距离措施，以彻底抑制新加坡不断增加的本土传播病例。实施冠病阻断措施的目的是为了大幅度减低人群在公共与私人场所的流动及互动。

[2] 新加坡2020年经济调查报告(Economic Survey of Singapore 2020)，新加坡贸工部(MTI)，2021年2月15日

BOARD OF DIRECTORS

Seated from left: Dr. Teo Ho Pin, Independent Director; Mr. Lee It Hoe, Non-Executive Director; Mr. Ong Lay Khiam, Chairman (Non-Executive and Independent Director)
Standing from left: Mr. Pay Sim Tee, Chief Executive Officer and Executive Director; Mr. Ang Peng Koon, Patrick, Independent Director

MR ONG LAY KHIAM

Chairman (Non-Executive and Independent Director)

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

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

Mr Ong holds a First Class Honours degree in Accountancy from the Nanyang University and a Master Degree in Accounting and Finance from the London School of Economics and Political Science, University of London and is also a Fellow Chartered Accountant of Singapore. He was appointed to our Board of Directors on 24th February 2010 and was re-elected on 24 April 2019.

MR PAY SIM TEE

Chief Executive Officer and Executive Director

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

Mr Pay Sim Tee obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in 1977. He was appointed to our Board of Directors on 24th February 2010 and was last re-elected on 24 April 2019. Mr Pay was appointed as Chief Executive Officer and Executive Director of Tiong Seng Holdings Limited on 1 August 2020.

MR ANG PENG KOON, PATRICK

Independent Director

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

He has 3 decades of experience handling both contentious and non-contentious matter and one of his key areas of expertise is in corporate

BOARD OF DIRECTORS

restructuring and insolvency, acting for financial institutions and companies in many major and publicised cases.

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

Mr Ang was appointed to our Board of Directors on 24th February 2010 and was last re-elected on 19 June 2020.

DR TEO HO PIN
Independent Director

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

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

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

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

MR LEE IT HOE
Non-Executive Director

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

He holds a Diploma in Building Construction from Singapore Polytechnic in 1968. Mr Lee was appointed to the Board on 24th February 2010 and was last reappointed on 25 April 2018.

BOARD OF DIRECTORS OF 3 KEY SEGMENTS

Construction Segment

Seated from left: Mr. Pay Sim Tee; Dr. John Keung (Chairman)

Standing from left: Mr Pek Dien Kee; Mr. Pek Zhi Kai; Mr. Andrew Khng; Mr Colin Tan Cheque Suan; Mr Lam Siew Wah

Engineering Solution Segment

Standing from left: Mr. Pek Zhi Kai; Mr. Lim Chong Sit; Mr. Lam Siew Wah (Chairman); Mr. Lim Tee Yoke

Property Development Segment

Seated from left: Dr. John Keung; Mr. Wong Lock Chang

Standing from left: Mr. Pek Zhi Kai; Mr Pay Sim Tee (Chairman)

SENIOR MANAGEMENT

MR PEK DIEN KEE

Head of Asset Management

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

MR ANDREW KHNG

Head of Administration

Mr Andrew Khng has been with Tiong Seng Contractors Private Limited since 1981. He is in charge of corporate matters for the Group. Mr Khng has more than 35 years of experience in site management and coordination in managing of civil engineering and building construction projects, including overseas project management and training and facility management. He was appointed as director of Tiong Seng Contractors in 1991. He is also heading the BCA certified Overseas Training Centre in Myanmar. He currently sits on the board of various organisations outside our Group and is also the past president of Singapore Contractors Association Limited. Mr Khng is the Honorary Consul of the Republic of Congo in Singapore.

MR COLIN TAN CHEQUE SUAN

Deputy Managing Director

Mr Tan joined Tiong Seng Contractors (Private) Limited in 2001 and has extensive experience in project, construction, tender, procurement and contracts management, having assumed the role of a Project Director in 2011, managing a Business Unit under him. In 2014, he was appointed as the Head of Projects where he directed projects in Singapore and China with the main task of overseeing project operations, value creation and building of high performance teams within the organisation. During his tenure, he has also played a crucial role in leading the development of Tiong Seng Contractor's digital transformation, DFMA roadmap as well as crafting strategic and practical frameworks to improve and enhance project deliveries. Mr Tan is also currently the Chairman of Tiong Seng Contractor's Executive Committee and has sat in various BCA technical committees and BCA Academy's board of examiners. He graduated from Nanyang Technological University with a Bachelor of Civil Engineering (Hons) degree in 2001.

SENIOR MANAGEMENT

MR CHOO HONG CHUN
Chief Financial Officer

Mr Choo Hong Chun has been with us since 2003 and currently manages all financial, taxation, treasury and compliance matters for our Group. Prior to joining Tiong Seng, he was with an International Accounting Firm. Mr Choo graduated from Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. He has been a member of the Institute of Singapore Chartered Accountants since 1998.

MR PEK ZHI KAI
Manager (Business Development), Tiong Seng Chang De Investment (Pte.) Ltd.

Mr. Pek Zhi Kai joined the Tiong Seng Group in 2018, under the Group's subsidiary Steeltech Industries Pte Ltd as a Commercial Manager. In the same year, Mr. Pek led efforts to add develop new green construction capabilities and formed the Group's first Mass Engineered Timber unit. Following the Group's 60th Anniversary and strategic re-organisation, Mr. Pek was appointed a Director of Group's three business segments in Construction, Engineering Solutions, and Property Development in 2019. Mr. Pek also currently holds the role of General Manager (Singapore) for the Group's Property Development business. Mr. Pek is currently a member of the Youth Business Affairs Committee of the Singapore Chinese Chambers of Commerce & Industry, and a member of the Built Environment Subcommittee under the Singapore Business Federation's Infrastructure Committee. Mr. Pek holds an MSc in Organisational & Social Psychology from London School of Economics and Political Science, and a BSc degree in Psychology from University College London. Mr. Pek was a Senior Associate with PwC Singapore in Governance, Risk and Assurance before joining the Tiong Seng Group.

MR ONG CHUN TIONG
General Manager, Tianjin, PRC

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

PROJECT LIST

COMPLETED PROJECTS

20

INSTITUTIONS

Primary School @ Punggol Way (Punggol Site 26)
Client: Ministry of Education

Primary School along Punggol Central/Punggol Way
Client: Ministry of Education

RESIDENTIAL

Artra
Client: FEC Skyline Pte Ltd

ONGOING PROJECTS

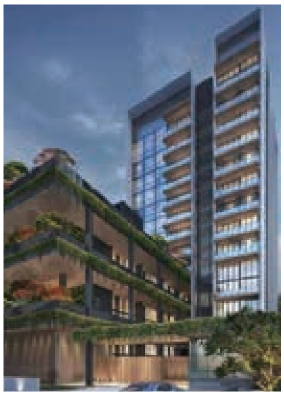
RESIDENTIAL

Sloane Residences
Client: TSky Balmoral Pte Ltd

Cairnhill Rise
Client: TSky Cairnhill Pte Ltd

Pearl Bank
Client: ARECA Investment Pte Ltd

Hyll on Holland
Client: FEC Skypark Pte Ltd



Tan Quee Lan Street
Client: MTG Apartments Pte Ltd & MTG Retails Pte Ltd

INSTITUTIONS

Polyclinic & Long Term Care Facility Building at Balestiar Road/Serangoon Road
Client: Ministry of Health

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

INDUSTRIAL

JTC Space @ Ang Mo Kio
Client: JTC Corporation

HOTEL

Club Street
Client: Midtown Development Pte Ltd

PROJECT LIST

ONGOING PROJECTS (CONTINUED)

CIVIL ENGINEERING

Contract T220 – Great World Station
Client: Land Transport Authority

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

KEY ENGINEERING SOLUTIONS PROJECTS

PRECAST PROJECTS

JTC Logistic Hub
Client: Kimly Construction Pte Ltd

HDB Centre of Building Research
Client: Housing Development Board

Kallang Whampoa C43
Client: Kiena Engineering Construction

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

Pearl Bank
Client: Tiong Seng Contractors Pte Ltd

MASS ENGINEERED TIMBER PROJECT

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

ONGOING PROPERTY DEVELOPMENT

PROJECTS IN CHINA

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

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

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

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

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

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

Zizhulin, Tianjin, by Tianjin Zhizhulin Development

Commercial: 12,000 sqm, over a land area of 8,000 sqm

Planning currently in progress

CORPORATE INFORMATION

REGISTERED OFFICE

21 Fan Yoong Road,
Singapore 629796
Tel: (65) 6356 0822
Fax: (65) 6356 0688
Company Registration Number: 200807295Z
Website: www.tiongseng.com.sg

BOARD OF DIRECTORS

Mr Ong Lay Khiam
(Non-executive Chairman and Independent Director)

Mr Pay Sim Tee
(CEO and Executive Director)

Mr Lee It Hoe
(Non-Executive Director)

Mr Ang Peng Koon, Patrick
(Independent Director)

Dr Teo Ho Pin
(Independent Director)

COMPANY SECRETARY

Ms Lai Foon Kuen

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDIT COMMITTEE

CHAIRMAN
Mr Ong Lay Khiam
MEMBERS
Mr Lee It Hoe
Mr Ang Peng Koon, Patrick
Dr Teo Ho Pin

NOMINATING COMMITTEE

CHAIRMAN
Mr Ang Peng Koon, Patrick
MEMBERS
Mr Pay Sim Tee
Mr Ong Lay Khiam

REMUNERATION COMMITTEE

CHAIRMAN
Mr Ang Peng Koon, Patrick
MEMBERS
Mr Lee It Hoe
Mr Ong Lay Khiam

PRINCIPAL BANKERS

Bank of China Limited

CIMB Bank

CTBC Bank Co. Ltd

DBS Bank Ltd

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

The Hong Kong and Shanghai Banking Corporation

United Overseas Bank Limited

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

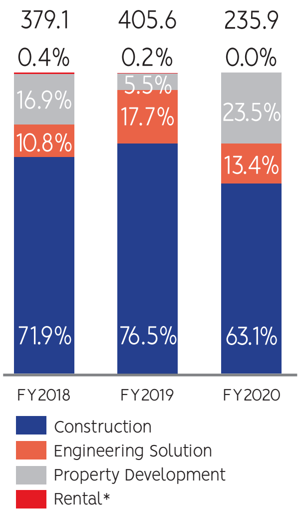
PARTNER-IN-CHARGE

Ms Teo Han Jo

Date of Appointment: with
effect from financial year
ended 31 December 2020

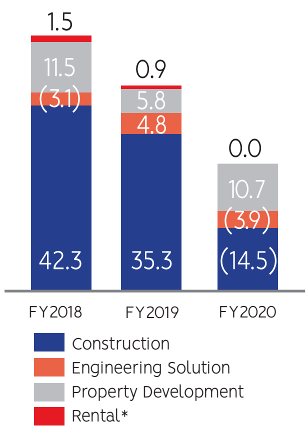
FINANCIAL HIGHLIGHTS

REVENUE (SGD'MIL)



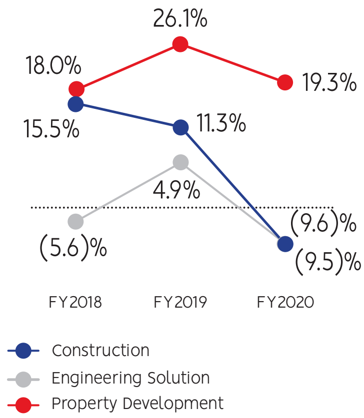
* Rental was no longer a reporting segment in FY2020 & FY2019

GROSS PROFIT/(LOSS) (SGD'MIL)

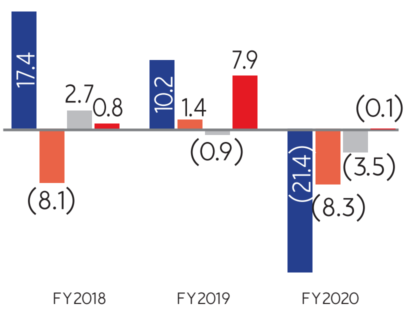


* Rental was no longer a reporting segment in FY2020 & FY2019
# The above numbers exclude inter segment elimination

GROSS PROFIT/(LOSS) MARGIN



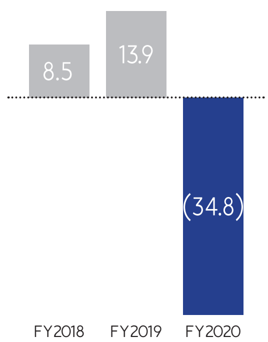
REPORTABLE SEGMENT PROFIT/(LOSS) BEFORE INCOME TAX (SGD'MIL)



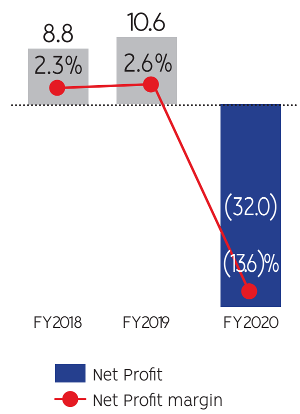
General Corporate activities is not included in each reportable segment results

* Rental was no longer a reporting segment in FY2020 & FY2019

PROFIT/(LOSS) FROM OPERATING ACTIVITIES BEFORE JV, ASSOCIATE & TAX (SGD'MIL)



NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (SGD'MIL)

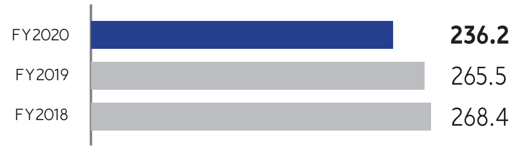


EARNING PER SHARES (CENTS)

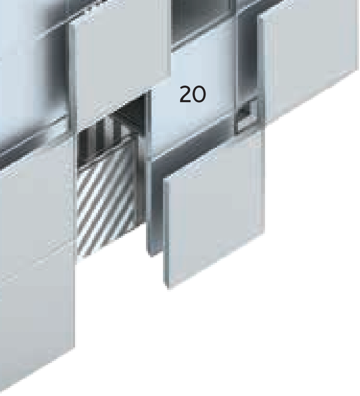
CASH AND CASH EQUIVALENTS (SGD'MIL)

NET ASSET VALUE PER SHARE (CENTS)[1]

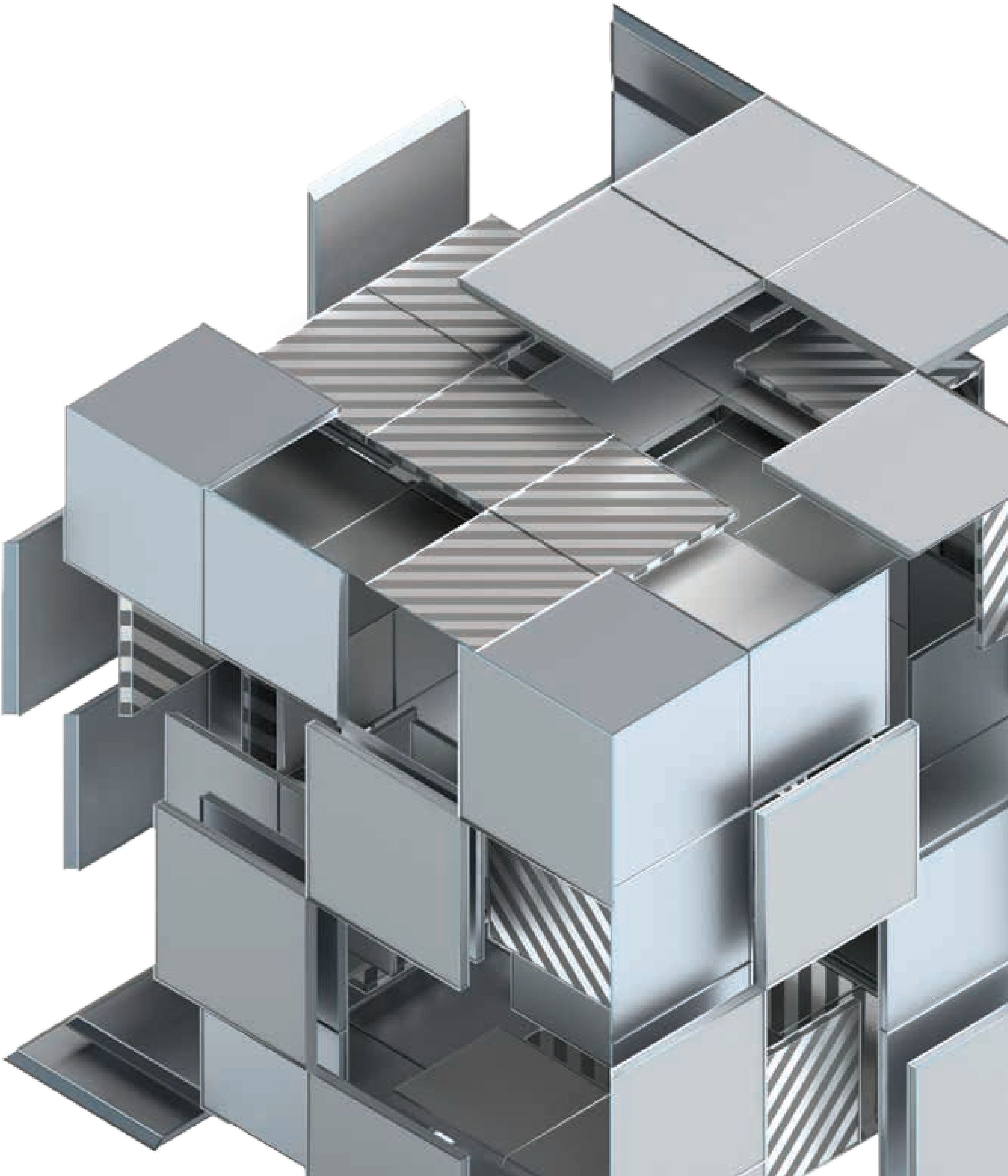
SHAREHOLDERS EQUITY (SGD'MIL)



ORDER BOOK OF S$1.27 BILLION IS EXPECTED TO BE COMPLETED BY 2023



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

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

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

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

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

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

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

CORPORATE GOVERNANCE

The function of the Board includes:

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

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

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

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

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

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

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

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

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

The Group prides itself on being an innovator and champion of practices to shape a safe, high quality and sustainable built environment and are aware of the impacts that its activities may have on society and the environment and continually strive to mitigate any such repercussions. The sustainability report for the year ended 31 December 2020 with respect to this will be released in May 2021.

Provision 1.2 Directors' Orientation and Training

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

Management will bring to Directors' attention, information on seminars that may be of relevance or of use to them. As part of their continuing education, the Directors, whether as a group or individually, are encouraged to attend relevant industry conferences, external courses and seminars to keep themselves apprised of and updated on the latest changes in areas pertaining to regulatory, legal and commercial risks, amongst others, at the Company's expenses. For FY2020, the Directors had been briefed on the key audit matters in the auditors' report and quarterly updates on the strategic development of the Group. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are also circulated to the Board. For any first time director who has no prior experience of a director of a listed company in Singapore, orientation programmes would include mandatory training as prescribed by the Listing Manual.

As an ongoing exercise, the Directors are updated on amendments and requirements of the SGX-ST and other statutory and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

CORPORATE GOVERNANCE

Provision 1.3: Board Approval

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

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

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

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

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

(v) Convening of shareholders' meetings;

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

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

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

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

Provision 1.4: Delegation by the Board

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

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

CORPORATE GOVERNANCE

Provision 1.5: Board Meetings and Attendance

Details of the number of meetings of the Board and Board Committees held in the financial year ended 31 December 2020 ("FY2020"), as well as the Directors' attendance at these meetings are summarized in the table below:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meeting	Remuneration Committee Meeting
Name of Directors	**Attendance/Number of meetings held**			
Ong Lay Khiam	4/4	2/2	1/1	1/1
Pek Lian Guan[(1)]	4/4	2/2*	1/1	1/1*
Pay Sim Tee	4/4	2/2*	1/1*	1/1*
Lee It Hoe	4/4	2/2	1/1*	1/1
Ang Peng Koon, Patrick	4/4	2/2	1/1	1/1
Dr. Teo Ho Pin[(2)]	1/4	0/2	0/1	0/1

* By Invitation

(1) Stepped down as a Director and a member of Nominating Committee on 31 July 2020.

(2) Appointed as a Director on 15 October 2020 and as a member of Audit Committee on 17 November 2020.

Provision 1.6: Access to Information

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

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

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

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

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

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

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

Provision 2.1: Board Independence

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

The Board comprises 5 members, 3 of whom are independent. The independent directors made up at least one third of the directors. Non-executive directors make up a majority of the Board.

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

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

Provision 2.4: Board Composition and Diversity

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

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

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Company does not set any specific target for female directors or boardroom age diversity but will work towards having female directors or having appropriate age diversity in the Board, if the opportunity arises.

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

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

CORPORATE GOVERNANCE

Provision 2.5: Meeting of Independent Directors without presence of Management

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

Principle 3: Chairman and Chief Executive Officer

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

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

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

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

Provision 3.2: Role of Non-Executive Chairman and CEO

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

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

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

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

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

v) ensure effective communication with shareholders;

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

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

viii) promote high standards of corporate governance.

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

CORPORATE GOVERNANCE

As CEO, Mr Pay Sim Tee is responsible for formulating the Group's business strategy, directions, corporate plans and policies and day-to-day management affairs of the Group. He ensures effective and comprehensive discussion of the Board on these matters and monitors the translation of Board's decisions into executive actions. He also ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction and informal meetings with Management. There is no familial relationship between the Chairman and the CEO.

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

Principle 4: Board Membership

Provision 4.1 and 4.2: Nominating Committee Composition and Role

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

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

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

1. to review the Board structure, size and composition and make recommendations to the Board with regard to any Board appointments and changes, where appropriate;

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

3. to determine, on an annual basis, if a Director is independent;

4. to recommend the nomination of Directors who are retiring by rotation to be put forward for re-election;

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

6. to assess the effectiveness of the Board as a whole;

7. to review the succession plans for the CEO and key management personnel; and

8. to review training and professional development programmes for the Board and its directors.

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Provision 4.3: Process for selection, appointment and reappointment of directors

The process for selection and appointment of new directors provides the procedure for identification of potential candidates, evaluation of candidate's skills, knowledge and experience, gender, assessment of candidates' suitability and recommendation for nomination to the Board. In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have such as integrity, ability to commit time and effort to the Board, taking into account the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews are set up with potential candidates for the NC members to assess them, before a decision is reached. Dr. Teo Ho Pin was appointed as an non-executive independent director on 15 October 2020.

Provision 4.4: Continuous Review of Directors' Independence

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

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

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

CORPORATE GOVERNANCE

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

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

Currently, no Director has appointed an Alternate Director.

Re-election of directors at the forthcoming Annual General Meeting

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

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

The NC is satisfied that Dr Teo Ho Pin and Mr Lee It Hoe who are retiring at the forthcoming AGM, are qualified for re-appointment by virture of their skills, experience and contribution and after consideration, has recommended the nomination of Dr. Teo Ho Pin and Mr Lee It Hoe for re-election under Regulation 88 and 89 respectively at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Mr. Lee It Hoe and Dr. Teo Ho Pin will be offering themselves for re-election at the forthcoming AGM.

In accordance to Listing Rule 210(5)(d) (iii) that will come into effect on 1 January 2022, both Mr. Ong Lay Khiam and Mr. Ang Peng Koon, Patrick will seek for shareholders' approval in the coming AGM for their continued appointment as independent directors of the Company in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the CEO of the issuer, and associates of such directors and CEO (the "Two-Tier Voting Process"). Such resolutions approved by a Two-Tier Voting Process may remain in force for three years from the conclusion of the AGM, following the passing of the resolutions of the retirement or resignation of the director, whichever is the earlier.

Both Mr Ong Lay Khiam and Mr Ang Peng Koon, Patrick have first been appointed as independent directors on 24 February 2010. The Board is of the view that both directors have demonstrated strong independence and judgement over the years in discharging their duties and responsibilities as independent directors. The Board has recommended and both directors have agreed to seek the approval of the shareholders on their continued appointment as independent directors under the Two Tier Voting Process.

The below table list down the information on the directors nominated for re-election and re-appointment, including

CORPORATE GOVERNANCE

the information required under Appendix 7.4.1 of the Listing Rules.

	Name of Director to be re-elected	
	Lee It Hoe	**Teo Ho Pin**
Date of appointment	24 February 2010	15 October 2020
Date of last re-appointment	25 April 2018	N.A.
Age	79	61
Country of Principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and is of the view that, based on Mr Lee's performance and contributions to the Board during his tenure as an Non-Executive Director of the Company, his valuable experience in the construction and brokerage industries, as well as his business acumen has accepted Nominating Committee's recommendation and nominates Mr. Lee to be re-elected as the Director of the Company in the coming Annual General Meeting.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and is of the view that, based on Mr Teo's performance and contributions to the Board during his tenure as the Non-Executive Independent Director of the Company, together with his qualification, vast leadership experience and industry connections has accepted Nominating Committee's recommendation and nominates Mr. Teo to be re-elected as the Director of the Company in the coming Annual General Meeting.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	– Non-Executive Director; – Audit and Remuneration Committee member	– Non-Executive Independent Director – Audit Committee member
Professional qualifications	Please refer to Board of Directors section for details	Please refer to Board of Directors section for details

CORPORATE GOVERNANCE

	Name of Director to be re-elected	
	Lee It Hoe	Teo Ho Pin
Working experience and occupation(s) during the past 10 years	Director of: i) Tiong Seng Holdings Limited; ii) Wan Seng Enterprises (Private) Limited iii) Xin Dong Fang Holdings Pte Ltd	Director of: i) Tiong Seng Holdings Limited; ii) ISOTEAM Ltd. iii) Singapore Environment Council President, Building & Estate Management Alumni, National University of Singapore Vice-President, Singapore Environment Council Mayor, North-West District Chairman, Holland-Bukit Panjang Town Council Co-ordinating Chairman, PAP Town Councils Deputy Government Whip Chairman, Mayors' Committee
Shareholding interest in the listed issuer and its subsidiaries	Deemed hold 286,275,330 shares in Tiong Seng Holdings Limited	No
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Director of Tiong Seng Shareholdings Pte Ltd ("TSS"), ultimate holding company of Tiong Seng Holdings Limited. Mr. Lee and his associates are collectively entitled to exercise control of approximately 22.7% of the shares in TSS.	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 704(7) submitted to the Company?	Yes	Yes

CORPORATE GOVERNANCE

	Name of Director to be re-elected	
	Lee It Hoe	**Teo Ho Pin**
Current directorships – Public Companies	Tiong Seng Holdings Limited	Tiong Seng Holdings Limited ISOTEAM Ltd. King Wan Corporation Limited
– Private Companies	Tiong Seng Shareholdings Pte. Ltd. Wan Seng Enterprises (Private) Limited Wan Seng Holdings (Pte.) Limited Xin Dong Fang Holdings Pte Ltd	Singapore Environment Council
Past directorships (in the last 5 years) – Private Companies	Nil	Nil
Any prior experience as a director of an issuer listed on the Exchange?	Yes. Mr. Lee has been the director of the Company since 2010.	Yes. Mr Teo was a director of Thai Village Holdings Ltd in 2000 to 2001.

CORPORATE GOVERNANCE

	Name of Director to be re-appointed	
	Ong Lay Khiam	Ang Peng Koon, Patrick
Date of appointment	24 February 2010	24 February 2010
Date of last re-appointment	24 April 2019	19 June 2020
Age	72	55
Country of Principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Mr Ong as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022. The Board of Directors of the Company has considered, among others, concurred with the recommendation of the Nominating Committee and considers Mr Ong to be independent and is of the view that he should be retained as a Non-Executive Independent Director for the following reasons: 1) He has fulfilled the criteria of independence contained in the Code of Corporate Governance 2018 and remains objective and independent in expressing his views and contributes actively in Board and Board Committees discussions and decision making-process. 2) His extensive experiences in various big local financial institutions and expertise in accounting, finance and management that will add relevant knowledge, skills, experience and diverse views to the Board.	The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Mr Ang as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022. The Board of Directors of the Company has considered, among others, concurred with the recommendation of the Nominating Committee and considers Mr Ang to be independent and is of the view that he should be retained as a Non-Executive Independent Director for the following reasons: 1) He has fulfilled the criteria of independence contained in the Code of Corporate Governance 2018 and remains objective and independent in expressing his views and contributes actively in Board and Board Committees discussions and decision making-process. 2) His vast knowledge, experiences and expertise in legal will contribute towards the core competencies of the Board.

CORPORATE GOVERNANCE

	Name of Director to be re-appointed	
	Ong Lay Khiam	Ang Peng Koon, Patrick
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	– Non-Executive Chairman and Independent Director; – Audit Committee Chairman; and – Nominating and Remuneration Committee member	– Non-Executive Independent Director – Audit Committee member; and – Chairman of Nominating and Remuneration Committees
Professional qualifications	Please refer to Board of Directors section for details	Please refer to Board of Directors section for details
Working experience and occupation(s) during the past 10 years	i) Non-Executive Chairman and Independent Director of Tiong Seng Holdings Limited; ii) Executive Director of UBS AG Singapore, Wealth Management (September 2008 to September 2013)	i) Director of Tiong Seng Holdings Limited; ii) Managing Partner of Rajah & Tann Singapore LLP
Shareholding interest in the listed issuer and its subsidiaries	Hold 318,000 shares in Tiong Seng Holdings Limited	Hold 265,000 shares in Tiong Seng Holdings Limited
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 704(7) submitted to the Company?	Yes	Yes

CORPORATE GOVERNANCE

	Name of Director to be re-appointed	
	Ong Lay Khiam	**Ang Peng Koon, Patrick**
Current directorships – Public Companies	Tiong Seng Holdings Limited Lien Aid Limited	Tiong Seng Holdings Limited Singapore Deposit Insurance Corporation Limited
– Private Companies	Nil	Nanyang Girl's High School Insolvency Practitioners Association of Singapore
Past directorships (in the last 5 years) – Public Company	International Healthway Corporation Limited	Nil
– Private Company	Dou Yee Enterprises (S) Pte Ltd	Nil
Any prior experience as a director of an issuer listed on the Exchange?	Yes. Mr. Ong has been the director of the Company since 2010. Previously he was independent director of International Healthway Corporation Limited from 2013-2016	Yes. Mr Ang has been the director of the Company since 2010. Previously he was independent director of SMRT Holdings Ltd from 2013-2017, and independent director of Malacca Trust Ltd.

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

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

CORPORATE GOVERNANCE

Principle 5: Board Performance

Provision 5.1 and 5.2: Board Evaluation Process

The NC has established a process for assessing the effectiveness of the Board as a whole for the long term performance of the Group. Board performance evaluation is carried out on an annual basis to assess and evaluate the Board's size, composition, and expertise, independence, the Board's access to information as well as Board accountability and processes. The board evaluation process involves having directors complete the performance evaluation forms. The results of the performance evaluation will be complied by the Company Secretary into a summary report and reported to the NC Chairman before discussing at the NC meeting and reporting to the Board. The Board and the NC ensure that Directors appointed to the Board possess the relevant experience, knowledge and skills critical to the Group's business, so as to enhance the core competencies of the Board. No external facilitator had been engaged by the Board for this purpose. The NC and the Board were generally satisfied with the results of the Board performance evaluation for FY2020.

As for the Board Committees, namely, Audit Committee, NC and Remuneration Committee, comprise members who are also Board members, the NC had reviewed and considered that separate assessment of the effectiveness of each Board Committee and individual Director evaluation as recommended by the Code were not deemed necessary and that the current annual assessment of the Board as a whole was sufficient for the time being.

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Provision 6.2: Remuneration Committee Composition

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

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

Provision 6.1, 6.3 and 6.4: Remuneration Framework

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

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

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

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

CORPORATE GOVERNANCE

If required, the RC will from time to time seek advice from external consultants, who are unrelated to the Directors or any organisation they are associated with, on remuneration matters and remuneration of the Directors' and key management personnel. The Company has not appointed any remuneration consultants for FY2020.

Principle 7: Level and Mix of Remuneration

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

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

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

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

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

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

Provision 7.2: Remuneration of Non-Executive Directors

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

The RC had recommended to the Board an amount of S$300,000 as Directors' fee for the financial year ending 31 December 2021, to be paid in arrears. The Directors' fee are payable to all the Directors except for the CEO. The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE

Principle 8: Disclosure on Remuneration

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

The annual remuneration level and mix of each individual Director for FY2020 is set out as follows:

	Basic Salary	Bonus, AWS and Profit Sharing	Other Benefits	Director's Fees	Total	
	%	%	%	%	%	S$'000
Executive Directors						
Pek Lian Guan(1)	97	–	3	–	100	456
Pay Sim Tee(2)	91	–	4	5	100	571
Non-executive Directors						
Ong Lay Khiam	–	–	–	100	100	120
Ang Peng Koon, Patrick	–	–	–	100	100	60
Teo Ho Pin(3)	–	–	–	100	100	15
Lee It Hoe	–	–	–	100	100	60

(1) Pek Lian Guan ceased to be CEO and Executive Director with effect from 1 August 2020, and his remuneration as CEO and Executive Director was computed up to 31 July 2020.

(2) Pay Sim Tee was appointed as CEO with effect from 1 August 2020.

(3) Dr Teo Ho Pin was appointed as Non-Executive Independent Director on 15 October 2020.

Mr Pek Dien Kee, brother of Mr Pek Lian Guan (the then CEO and Executive Director), was employed as the Head of Asset Management and director of a few of the subsidiaries in the Group. He has received remuneration comprising salary and annual bonus in the salary band of between S$400,000 to S$450,000 during FY2020.

Save as disclosed, there are no other employees who are immediate family members of a Director or the CEO and whose remuneration exceed S$100,000 for FY2020.

The aggregate remuneration paid to the top 5 KMPs (who are not Directors or the CEO) in FY2020 was S$1,495,000. However, the remuneration of the top 5 key management personnel (who are not Directors or the CEO) is not disclosed in the bands of S$250,000 and on a named basis as the Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of the individual key management personnel is disadvantageous to its business interest, given the scarcity of talents and highly competitive industry conditions that it is operating in.

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

CORPORATE GOVERNANCE

The Board is of the view that in light of the above and despite its deviation from Provision 8.1 of the Code, the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the relationships between remuneration, performance and value creation has been disclosed in detail in Principles 7 & 8. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of key Management personnel will not be prejudicial to the interest of shareholders and complies with Principle 8 of the Code.

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

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

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Provision 9.1: Nature and Extent of Risks

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

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

Given the level of operations of the Group, the Board has decided to incorporate the oversight of the ERM framework and policies into the function of the Audit Committee, instead of establishing a separate Risk Committee.

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

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

Business/Operational Risks

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

Compliance Risks

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

CORPORATE GOVERNANCE

Financial Risks

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

Provision 9.2 Assurance from the CEO, CFO and KMPs

The Board has obtained a written confirmation from:–

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the ERM framework maintained, assurance received from the CEO, CFO and other key management personnel, and reviews performed by the Board, Management and various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2020.

There was no material weakness in risk management and internal controls noted as at 31 December 2020.

Principle 10: Audit Committee

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

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

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

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

The AC met at least 2 times in respect of FY2020 and, as and when deemed appropriate to carry out its function, AC members are kept abreast of any changes to accounting standards and issues affecting the financials by the external auditors and Management at the AC meetings, where appropriate.

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

Provision 10.5: Meeting Auditors without Management presence

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

In the review of the financial statements, the AC has discussed with management and external auditors with regards to the significant matters in relation to the financial statements, the accounting principles applied therein and judgement involved that might have an implication to the integrity of the financial statements. The AC has discussed and concurs with the basis and conclusions in the auditors report with respect to the following key audit matters identified by the external auditors for FY2020.

i) Accounting for construction contracts

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

ii) Valuation of development properties

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

iii) Impairment assessment on non-financial assets

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

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

External Auditors

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

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

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

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

iii) assesses the independence of the external auditors annually based on factors such as performance, skills and independence and is satisfied that the non-audit services provided by the external auditors in FY2020 did not affect the independence or objectivity of the external auditors. The amount of non-audit fees paid to the external auditors in respect of FY2020 was S$100,000.

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

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

Details of the fees of the external auditors of the Company for FY2020 are as follows:

	FY2020 $'000	FY2019 $'000
Fees paid/payable to external auditors for:		
– Audit services	**483**	497
– Non-audit services	**100**	89

Whistle Blowing Programme

The Group has in place a Whistle-Blowing Programme that has been clearly communicated with employees. This programme provides well-defined and accessible channels in the Group through which employees and external parties may, in confidence, raise concern about possible fraudulent activities, malpractices or improper conduct on financial reporting or other matters within the Group, in a responsible and effective manner. The Group undertakes to independently investigate such complaints in an objective manner with appropriate follow up actions being taken thereafter. To facilitate participation by the external parties, the Whistle-Blowing Programme is also available on the Company's website at www.tiongseng.com.sg.

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

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

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Provision 10.4: Internal Audit

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

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

The PwC engagement team comprises 3 staff members led by Mr Ng Siew Quan who has close to 30 years experiences in auditing and led internal audit and risk management engagements for corporate entities from the private and public sectors. Mr Ng Siew Quan is supported by Mr Kelvin Ong, a Director from the Risk Assurance practice of PwC who directly oversees the engagement team and has over 14 years of experiences in providing risk management services.

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

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

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

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

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

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

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

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With effect from 7 February 2020, SGX-ST has adopted a risk-based approach to quarterly reporting. Pursuant to the new rules, the Group will not be required to release its financial statements on a quarterly basis and will publish its financial results on a half-yearly basis.

All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards (International) and approved by the Board before release to the SGX-ST and the investing public through SGXNET. Negative assurance statements were issued by the board to accompany the company's half-yearly results announcements in FY2020, confirming that to the best of its knowledge, nothing had come to its attention which would render the company's half-yearly results false or misleading. The releases of the half-yearly and annual financial information are accompanied by news releases issued to the media and which are also posted on the SGXNet. Management provides the Board with information on the Group's performance, financial position and prospects on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospect. This is supplemented by regular updates on matters affecting the financial performance, business of the Group, if any.

Provision 11.1, 11.2 and 11.4: Conduct of General Meetings

To minimize physical interactions and Covid-19 transmission risk, the forthcoming AGM will be convened and held wholly by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 i.e. this Order provides that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 to 30 June 2021.

Alternative arrangements relate to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions before or at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

The notice of AGM and/or General Meetings, the Company's Annual Report and circulars are announced through SGXNET and the Company's corporate website at www.tiongseng.com.sg. The Company welcomes the views of the shareholders on matters concerning the Company and Group and encourages shareholders' participation at AGMs. Each item of special business included in the notice of the meeting will be accompanied by a statement regarding the effect of a proposed resolution. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions.

Shareholders (who are not relevant intermediaries) have the opportunity to participate effectively and to vote in the AGMs/General Meetings by appointing chairman of the meeting as proxy. As the authentication of shareholder identity information and other related security issues remain a concern, the Company has not for the time being, implement voting in absentia by mail, email or fax. All resolutions at the Company's general meetings will be voted by appointing the chairman of the meeting as proxy. Shareholders should specifically indicate how they wish to vote for or against (or abstain from voting on) the resolutions. The detailed results showing the number of votes cast for and against each resolution and the respective percentages would be disclosed in the general meeting and announced via SGXNET after the conclusion of the general meetings.

Provision 11.3: Interaction with Shareholders

Shareholders are given the opportunity to proactively engage with the Board and Management regarding the Group's business activities and operations, financial performance and other business related matters by way of submitting their questions 72 hours prior to the general meeting via email or by post. All substantial and relevant questions will be answered either prior to the general meeting through publication on SGXNET and the Company's corporate website at www.tiongseng.com.sg or at the general meeting. Shareholders are allowed to contemporaneously observe the proceedings of the meeting by audio and video means or by audio only means. Details on the arrangements are provided to shareholders in the notices of general meetings.

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

CORPORATE GOVERNANCE

At the Company's last AGM held on 19 June 2020, all the directors and external auditors have attended the AGM. The Chairman of the meeting with the assistance of the Company Secretary and service provider briefed the shareholders on the rules of the meeting including the voting procedures. The CFO also made a presentation to update the shareholders on the operational and financial highlights that had taken place during the year at the meeting.

Provision 11.5: Minutes of the General Meetings

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

Provision 11.6: Dividend Policy

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

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

Principle 12: Engagement with Shareholders

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

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

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

(V) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Managing Stakeholders Relationships
Engagement with Stakeholders

Provision 13.1 and 13.2: Stakeholders' Engagement

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

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

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

– Adoption of environmentally practices such as reducing water consumption and general construction waste

– Delivering long term sustainable construction works and housing development

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– Safeguarding the health and safety of employees and sub-contractors

– Providing learning opportunities for employees and invest in human capital and support employee development to meet changing business needs

Provision 13.3: Corporate Website

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

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

Dealings in Securities

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

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

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

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

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

Interested Person Transactions

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

Considering that the Group will, in the ordinary course of business, continue to have transactions with Peck Tiong Choon (Private) Limited and its subsidiaries, the Interested Persons, from time to time; and the time-sensitive and recurrent nature of the transactions, Shareholders' mandate for the IPTs ("IPT Mandate") was first obtained at the Extraordinary General Meeting ("EGM") held on 28 April 2014. The methods or procedures for determining the transaction prices have

CORPORATE GOVERNANCE

not changed since the last EGM and are sufficient to ensure that the transactions have been and will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. In view of the above, an independent financial adviser's opinion is not required for the renewal of the IPT Mandate at the forthcoming AGM.

The aggregate value of IPTs entered into during FY2020 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Hiring Charges		
Peck Tiong Choon Transport (Pte) Ltd	–	S$2,721,000
Peck Tiong Choon Logistic (Pte) Ltd	–	S$78,000
Total	–	S$2,799,000
Lease of Storage Space		
Peck Tiong Choon Logistic (Pte) Ltd*	S$1,104,000	–
Total	S$1,104,000	–

Material Contracts

Saved for item as disclosed under Interested Person Transactions as disclosed above, and the Service Agreement entered with the CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Directors or controlling shareholders during or at the end of FY2020.

DIRECTORS' STATEMENT

We present this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 59 to 144 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Ong Lay Khiam
Pay Sim Tee
Lee It Hoe
Ang Peng Koon, Patrick
Teo Ho Pin (Appointed on 15 October 2020)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

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

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

DIRECTORS' STATEMENT

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2021.

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

SHARE OPTIONS

During the financial year, there were:

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

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

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

SHARE AWARD SCHEME

The Tiong Seng Share Award Scheme (the "Award Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting on 31 March 2010. The Award Scheme is administered by the Remuneration Committee. Since the commencement of the Award Scheme, no shares of the Company have been awarded pursuant to the Award Shceme. The scheme has expired on 6 April 2020.

AUDIT COMMITTEE

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

Ong Lay Khiam	Independent director (Chairman)
Ang Peng Koon, Patrick	Independent director
Teo Ho Pin	Independent director (Appointed on 17 November 2020)
Lee It Hoe	Non-executive director

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

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

The Audit Committee also reviewed the following:

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

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

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

DIRECTORS' STATEMENT

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Ong Lay Khiam
Director

Pay Sim Tee
Director

6 April 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tiong Seng Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tiong Seng Holdings Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 144.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

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

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

INDEPENDENT AUDITORS' REPORT

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

Impairment of non-financial assets	
The key audit matter	***How the matter was addressed in our audit***
The Group's net asset value exceeded its market capitalisation by $171.7 million (2019: $176.5 million) as at 31 December 2020. This indicates that non-financial assets may be impaired. Impairment assessment involves estimating the recoverable amounts of the cash generating unit ("CGU") to which the non-financial assets belongs. The determination of recoverable amounts involves judgement and is subject to estimation uncertainties. The recoverable amount of each CGU is its fair value less costs to sell with reference to recent market transactions.	**Our response** Our audit procedures included, among others, testing the control designed and applied by the Group to ensure that its impairment analysis is appropriately undertaken and reviewed. We evaluated the identification of CGUs by the Group based on our understanding of the business. When recoverable amounts were based on a CGU's fair value less costs to sell supported by external valuations, we reviewed the Group's process of appointing the independent valuers; and evaluated the competence, capabilities and objectivity of these valuers. We evaluated the reasonableness of the estimated selling prices indicated in valuation reports by comparing them with recent asking prices of comparable properties in the vicinity. When recoverable amounts were based on management own estimate of a CGU's fair value less costs to sell, we assessed the reasonableness of management's estimated selling prices by comparing them with recent selling prices of similar plant and machinery adjusted for age or recent asking prices of comparable properties in the vicinity and considered the market supply and demand of properties projected by valuers.

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets	
The key audit matter	*How the matter was addressed in our audit*
	Our finding We found no matters of concern regarding the competence, capabilities and objectivity of the external valuers and the assumptions used by the valuers. We found that the Group had assessed based on a balanced set of assumptions and estimates.

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	4	**100,716**	102,465	**–**	–
Intangible assets	5	**238**	335	**–**	–
Investment properties	6	**3,779**	3,931	**–**	–
Right-of-use assets	7	**4,545**	5,404	**–**	–
Subsidiaries	8	**–**	–	**59,624**	59,624
Associates and joint ventures	9	**39,154**	36,986	**–**	–
Trade and other receivables	10	**5,829**	2,917	**–**	–
Amount due from related parties	17	**4,303**	3,979	**–**	–
Other investments	11	**1,145**	1,485	**–**	–
Deferred tax assets	12	**2,250**	149	**–**	–
		161,959	157,651	**59,624**	59,624
Current assets					
Inventories	13	**12,599**	2,673	**–**	–
Contract costs	14	**903**	1,043	**–**	–
Contract assets	15	**63,231**	102,569	**–**	–
Development properties	16	**199,484**	223,993	**–**	–
Trade and other receivables	10	**51,850**	78,949	**363**	7
Amounts due from related parties	17	**13,697**	29,340	**104,436**	104,436
Cash and cash equivalents	19	**43,435**	55,539	**101**	85
		385,199	494,106	**104,900**	104,528
Assets held for sale	18	**–**	215	**–**	–
		385,199	494,321	**104,900**	104,528
Total assets		**547,158**	651,972	**164,524**	164,152
Equity attributable to owners of the Company					
Share capital	20	**181,947**	181,947	**181,947**	181,947
Treasury shares	20	**(4,873)**	(4,452)	**(4,873)**	(4,452)
Reserves	21	**(84,172)**	(89,848)	**(45,850)**	(45,850)
Retained earnings/ (Accumulated losses)		**143,269**	177,885	**(27,887)**	(27,755)
		236,171	265,532	**103,337**	103,890
Non-controlling interests	36	**4,836**	18,955	**–**	–
Total equity		**241,007**	284,487	**103,337**	103,890
Non-current liabilities					
Trade and other payables	22	**5,579**	11,933	**–**	–
Loans and borrowings	23	**28,899**	15,432	**–**	–
Deferred tax liabilities	12	**929**	3,412	**–**	–
		35,407	30,777	**–**	–
Current liabilities					
Contract liabilities	15	**65,917**	57,536	**–**	–
Trade and other payables	22	**140,369**	175,143	**219**	936
Amounts due to related parties	17	**18,243**	15,697	**60,968**	59,326
Loans and borrowings	23	**39,505**	81,930	**–**	–
Current tax payable		**6,710**	6,402	**–**	–
		270,744	336,708	**61,187**	60,262
Total liabilities		**306,151**	367,485	**61,187**	60,262
Total equity and liabilities		**547,158**	651,972	**164,524**	164,152

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue			
Revenue from construction contracts and engineering solutions		**180,498**	382,319
Revenue from sales of development properties		**55,412**	22,326
Rental income		**28**	905
	24	**235,938**	405,550
Other income	25(a)	**19,511**	13,660
Costs of construction contracts and engineering solutions		**(199,195)**	(342,610)
Costs of sales of development properties		**(44,695)**	(16,496)
Depreciation and amortisation		**(7,517)**	(7,791)
Selling expenses		**(2,331)**	(1,498)
Staff costs	25(c)	**(16,734)**	(21,129)
Other expenses	25(b)	**(16,394)**	(10,123)
		(286,866)	(399,647)
(Loss)/Profit from operating activities		**(31,417)**	19,563
Finance income	26	**1,542**	1,471
Finance costs	26	**(4,884)**	(7,099)
Net finance costs		**(3,342)**	(5,628)
Share of (loss)/profit of joint ventures, net of tax		**(1,835)**	3,975
(Loss)/Profit before tax		**(36,594)**	17,910
Tax credit/(expense)	27	**1,689**	(7,873)
(Loss)/Profit for the year		**(34,905)**	10,037
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity investment at fair value through other comprehensive income		**–**	209
Total items that will not be reclassified to profit or loss		**–**	209
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		**5,936**	(4,390)
Exchange differences on monetary items forming part of net investment in a foreign operation		**2,413**	(1,675)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		**95**	275
Realisation of translation difference from disposal of subsidiaries		**–**	268
Total items that are or may be reclassified subsequently to profit or loss		**8,444**	(5,522)
Other comprehensive income for the year, net of tax		**8,444**	(5,313)
Total comprehensive income for the year		**(26,461)**	4,724
(Loss)/Profit attributable to:			
Owners of the Company		**(31,989)**	10,592
Non-controlling interests		**(2,916)**	(555)
(Loss)/Profit for the year		**(34,905)**	10,037
Total comprehensive income attributable to:			
Owners of the Company		**(24,661)**	6,822
Non-controlling interests		**(1,800)**	(2,098)
Total comprehensive income for the year		**(26,461)**	4,724
Earnings per share			
– Basic and diluted (cents)	28	**(7.22)**	2.38

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company										
	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 31 December 2018		181,947	(4,452)	(77,720)	(27)	3,564	–	(2,574)	167,684	268,422	38,301	306,723
Adjustment on initial application of SFRS(I) 16 (net of tax)		–	–	–	–	–	–	–	(236)	(236)	(83)	(319)
Adjusted balance at 1 January 2019		181,947	(4,452)	(77,720)	(27)	3,564	–	(2,574)	167,448	268,186	38,218	306,404
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	10,592	10,592	(555)	10,037
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	(2,847)	–	(2,847)	(1,543)	(4,390)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	–	(1,675)	–	(1,675)	–	(1,675)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement		–	–	–	–	–	–	275	–	275	–	275
Realisation of translation difference from disposal of subsidiaries		–	–	–	–	–	–	268	–	268	–	268
Net change in fair value of equity investment at fair value through other comprehensive income		–	–	–	–	–	209	–	–	209	–	209
Total other comprehensive income		–	–	–	–	–	209	(3,979)	–	(3,770)	(1,543)	(5,313)
Total comprehensive income for the year		–	–	–	–	–	209	(3,979)	10,592	6,822	(2,098)	4,724
Transaction with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid	20	–	–	–	–	–	–	–	(2,224)	(2,224)	(1,109)	(3,333)
Acquisition of non-controlling interest without a change in control	37(b)	–	–	–	(7,252)	–	–	–	–	(7,252)	(11,515)	(18,767)
Disposal of subsidiaries with non-controlling interest	37(c)	–	–	–	–	(2,069)	–	–	2,069	–	(4,541)	(4,541)
Total transactions with owners of the Company		–	–	–	(7,252)	(2,069)	–	–	(155)	(9,476)	(17,165)	(26,641)
At 31 December 2019		181,947	(4,452)	(77,720)	(7,279)	1,495	209	(6,553)	177,885	265,532	18,955	284,487

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	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
		Attributable to owners of the Company										
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)
Transaction with owners, recognised directly in equity												
Contributions by and distributions to owners												
Purchase of treasury shares		–	(421)	–	–	–	–	–	–	(421)	–	(421)
Dividends paid	20	–	–	–	–	–	–	–	(2,213)	(2,213)	(8,453)	(10,666)
Transfer to statutory reserve		–	–	–	–	414	–	–	(414)	–	–	–
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)	414	–	–	(2,627)	(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 financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
(Loss)/Profit from operating activities		**(31,417)**	19,563
Adjustments for:			
Allowance for diminution in value of development properties	16	**4,730**	–
Provisions	22	**20,344**	–
Net impairment loss on:			
– trade receivables		**272**	22
– other investments		**340**	–
– amount due from non-controlling interest		**873**	–
Depreciation and amortisation		**15,445**	23,341
Written off:			
– property, plant and equipment		**2**	–
– bad debts		**84**	–
– inventories		**–**	12
Gain on disposal of:			
– property, plant and equipment		**(612)**	(21)
– assets held for sale		**(1,585)**	–
– subsidiaries	37(c)	**–**	(7,383)
– associate		**–**	(311)
Bargain purchase on acquisition of subsidiaries	37(a)(ii)	**–**	(2,573)
		8,476	32,650
Changes in:			
Inventories		**(9,917)**	(293)
Contract costs		**140**	(166)
Contract assets/liabilities		**47,719**	(4,315)
Development properties		**29,610**	3,952
Trade and other receivables		**24,117**	8,110
Trade and other payables		**(67,688)**	5,048
Balances with related parties (trade)		**3,775**	(2,300)
Cash generated from operations		**36,232**	42,686
Tax paid		**(1,277)**	(5,953)
Net cash from operating activities		**34,955**	36,733
Cash flows from investing activities			
Investment in a joint venture		**(1,963)**	(1,924)
Investment in an associate		**–**	(1,584)
Loan repayment from joint ventures		**450**	5,358
Interest received		**403**	313
Proceeds from disposal of:			
– property, plant and equipment		**1,096**	248
– subsidiaries, net of cash disposed of	37(c)	**–**	12,528
– associate		**–**	2,783
– assets held for sale		**1,800**	–
Purchase of:			
– subsidiaries, net of cash acquired	37(a)	**(9,813)**	3,046
– property, plant and equipment[(a)]		**(3,104)**	(4,039)
– intangible assets		**–**	(45)
Government grant received for purchase of property, plant and equipment[(a)]		**808**	621
Balances with related parties (non-trade)		**–**	(3,147)
Net cash (used in)/generated from investing activities		**(10,323)**	14,158

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from financing activities			
Increase in deposits pledged		**–**	(2)
Decrease/(Increase) in restricted cash		**41**	(2)
Dividends paid to:			
– owners of the Company		**(2,213)**	(2,224)
– non-controlling interest[b]		**(1,181)**	(1,109)
Interest paid		**(2,016)**	(3,576)
Acquisition of non-controlling interests in subsidiaries[c]		**–**	(2,727)
Purchase of treasury shares		**(421)**	–
Payments of lease liabilities		**(1,651)**	(1,468)
Proceeds from loans and borrowings		**39,530**	51,985
Repayment of loans and borrowings		**(67,798)**	(70,216)
Balances with related parties (non-trade)		**(1,970)**	(5,711)
Net cash used in financing activities		**(37,679)**	(35,050)
Net (decrease)/increase in cash and cash equivalents		**(13,047)**	15,841
Cash and cash equivalents at beginning of the year		**54,725**	39,147
Effect of exchange rate changes on balances held in foreign currencies		**1,021**	(263)
Cash and cash equivalents at end of the year	19	**42,699**	54,725

Significant non-cash transactions

(a) During the financial year, the Group purchased property, plant and equipment, amounting to $2,546,000 (2019: $3,418,000), of which $250,000 (2019: $Nil) was acquired under lease arrangement.

(b) During the financial year, the Group reduced the share capital of one of its subsidiaries with non-controlling interests and declared the dividend to the non-controlling interest 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.

(c) In 2019, the Group acquired non-controlling interest amounting to $18,767,000 of which $2,727,000 was paid by cash, $10,958,000 was offset against the amount due from a non-controlling interest and the balances of $5,082,000 remained unpaid under loans from non-controlling interests as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2021.

1 GENERAL INFORMATION

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

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

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity–accounted investees.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

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

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

Note 4 – Measurement of recoverable amounts of property, plant and equipment
Note 8 – Measurement of recoverable amounts of investment in subsidiaries
Note 22 – Recognition and measurement of provisions: key assumption about the likelihood and magnitude of an outflow of resources
Note 27 – Estimation of provisions for current and deferred taxation
Note 35 – Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

Measurement of fair values

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

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

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

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

- *Level 1* : quoted prices (unadjusted) in active markets for identical assets or liabilities.

- *Level 2* : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- *Level 3* : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6 – Investment properties
Note 35 – Financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group has early adopted COVID-19 Related Rent Concessions – Amendment to SFRS(I) 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

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

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

Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Acquisitions from entities under common control

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

Loss of control

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

Investments in associate and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

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

Transactions eliminated on consolidation

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

Subsidiaries, associates and joint ventures in the separate financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

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

Foreign operations

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.4 Intangible assets and goodwill

Goodwill

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

Subsequent measurement

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

Other intangible assets

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

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

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

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

Patented technology

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

Licence fee

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Computer software

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

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

Subsequent expenditure

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

Amortisation

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

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

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

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

3.5 Investment properties

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Depreciation

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

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

- Freehold properties 50 years
- Leasehold properties Shorter of 50 years or lease period ranging from 35 years to 99 years

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

3.6 Assets held for sale

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

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

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

3.7 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;

- how the performance of the portfolio is evaluated and reported to the Group's management; and

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

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

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

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

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

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

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

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

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

Derecognition

Financial assets

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

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

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Financial liabilities

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

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

Offsetting

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

Cash and cash equivalents

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

Share capital

Ordinary shares

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

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

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

Financial guarantees

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

3.8 Impairment

Non-derivative financial assets and contract assets

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

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

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

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

Simplified approach

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

General approach

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

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

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

Measurement of ECLs

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

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Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

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

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

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

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

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

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

3.9 Club memberships

Club memberships are measured at cost less accumulated impairment loss.

3.10 Contract costs

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

3.11 Contract assets and contract liabilities

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

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

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

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

3.12 Development properties

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

Properties under development for sale

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

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

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

Completed properties for sale

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

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

Reclassification to investment property

When the use of a property changes from development property to investment property, the property is measured at cost less accumulated depreciation and accumulated impairment losses and reclassified accordingly.

3.13 Inventories

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

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

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3.14 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

3.15 Provisions

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

Onerous contracts

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

3.16 Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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Short-term leases and leases of low-value assets

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

COVID-19-related rent concessions

The Group applied COVID-19 Related Rent Concessions – Amendment to SFRS(I) 16 issued on 28 May 2020. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

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

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

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

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

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.8). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Sale and leaseback

In a sale and leaseback transaction, the seller-lessee shall apply the requirements for determining when a performance obligation is satisfied in SFRS(I) 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer is a sale

If the transfer of an asset by the seller-lessee satisfies the requirements of SFRS(I) 15 to be accounted for as a sale of the asset:

(a) the seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor;

(b) the buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in this Standard.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:

(i) any below-market terms shall be accounted for as a prepayment of lease payments; and

(ii) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

If the transfer is not a sale

If the transfer of an asset by the seller-lessee does not satisfy the requirements of SFRS(I) 15 to be accounted for as a sale of the asset:

(a) the seller-lessee shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability by applying SFRS(I) 9.

(b) the buyer-lessor shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset by applying SFRS(I).

3.17 Revenue

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

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

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

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

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

Revenue from construction contract and provision of engineering solutions

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

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

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

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

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

Sales of development properties

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

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

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

(a) receipt of completion certificate;

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

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

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

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

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

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

Rental income

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

3.18 Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3.19 Finance income and finance costs

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

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

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

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

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

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

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

3.20 Tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3.21 Earnings per share

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

3.22 Segment reporting

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

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

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

3.23 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendment to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Freehold land $'000	Leasehold properties $'000	Plant and machinery $'000	Tools and moulds $'000	Furniture, equipment and fittings $'000	Motor vehicles $'000	Total $'000
Cost								
At 1 January 2019	13,992	3,959	68,215	86,536	63,146	7,993	4,190	248,031
Additions	–	–	–	491	2,147	687	93	3,418
Acquisition of subsidiaries (Note 37(a)(ii))	–	–	51	50	2	1	2	106
Disposals	–	–	(30)	(170)	(107)	(68)	(113)	(488)
Disposal of subsidiaries (Note 37(c))	–	–	–	–	–	(25)	(78)	(103)
Effects of movements in exchange rates	–	(9)	(19)	(10)	(2)	(15)	(22)	(77)
At 31 December 2019	13,992	3,950	68,217	86,897	65,186	8,573	4,072	250,887
Additions	–	–	142	97	1,788	225	294	2,546
Acquisition of subsidiaries (Note 37(a)(i))	–	9,813	–	–	–	–	–	9,813
Disposals	–	–	(323)	(8,804)	(243)	(82)	(344)	(9,796)
Write-off	–	–	–	–	–	–	(48)	(48)
Effects of movements in exchange rates	–	(4)	3	(20)	1	146	27	153
At 31 December 2020	13,992	13,759	68,039	78,170	66,732	8,862	4,001	253,555
Accumulated depreciation								
At 1 January 2019	2,687	–	12,349	48,624	55,158	6,749	1,448	127,015
Depreciation for the year	516	–	2,646	13,484	4,066	602	450	21,764
Disposals	–	–	–	(65)	(107)	(4)	(85)	(261)
Disposal of subsidiaries (Note 37(c))	–	–	–	–	–	(31)	(33)	(64)
Effects of movements in exchange rates	–	–	(7)	(8)	(2)	(5)	(10)	(32)
At 31 December 2019	3,203	–	14,988	62,035	59,115	7,311	1,770	148,422
Depreciation for the year	516	–	2,648	6,525	2,913	586	441	13,629
Disposals	–	–	(220)	(8,461)	(243)	(71)	(317)	(9,312)
Write-off	–	–	–	–	–	–	(46)	(46)
Effects of movements in exchange rates	–	–	7	(17)	(1)	136	21	146
At 31 December 2020	**3,719**	**–**	**17,423**	**60,082**	**61,784**	**7,962**	**1,869**	**152,839**
Carrying amounts								
At 1 January 2019	11,305	3,959	55,866	37,912	7,988	1,244	2,742	121,016
At 31 December 2019	10,789	3,950	53,229	24,862	6,071	1,262	2,302	102,465
At 31 December 2020	**10,273**	**13,759**	**50,616**	**18,088**	**4,948**	**900**	**2,132**	**100,716**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

The depreciation for the year is analysed as follows:

	Group	
	2020	2019
	$'000	$'000
Depreciation for the year	**13,629**	21,764
Depreciation included in cost of construction contracts and engineering solutions	**(7,287)**	(15,007)
Depreciation charged to profit or loss	**6,342**	6,757

Impairment test

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

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

Security

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

5 INTANGIBLE ASSETS

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 January 2019	12,478	264	876	13,618
Additions	–	–	45	45
Effect of movements in exchange rates	–	–	(3)	(3)
At 31 December 2019	12,478	264	918	13,660
Effect of movements in exchange rates	–	–	6	6
At 31 December 2020	**12,478**	**264**	**924**	**13,666**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

	Patented technology $'000	Licence fee $'000	Computer software $'000	Total $'000
Accumulated amortisation and impairment losses				
At 1 January 2019	12,478	263	490	13,231
Amortisation for the year	–	–	96	96
Effect of movements in exchange rates	–	–	(2)	(2)
At 31 December 2019	12,478	263	584	13,325
Amortisation for the year	–	–	98	98
Effect of movements in exchange rates	–	–	5	5
At 31 December 2020	**12,478**	**263**	**687**	**13,428**
Carrying amounts				
At 1 January 2019	–	1	386	387
At 31 December 2019	–	1	334	335
At 31 December 2020	**–**	**1**	**237**	**238**

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

6 INVESTMENT PROPERTIES

	Note	Group $'000
Cost		
At 1 January 2019		23,437
Disposal of subsidiaries	37(c)	(18,453)
Effect of movements in exchange rates		(432)
At 31 December 2019		4,552
Effect of movements in exchange rates		2
At 31 December 2020		**4,554**
Accumulated depreciation and impairment losses		
At 1 January 2019		7,164
Depreciation for the year		156
Disposal of subsidiaries	37(c)	(6,626)
Effect of movements in exchange rates		(73)
At 31 December 2019		621
Depreciation for the year		150
Effect of movements in exchange rates		4
At 31 December 2020		**775**
Carrying amounts		
At 1 January 2019		16,273
At 31 December 2019		3,931
At 31 December 2020		**3,779**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

The details of the Group's investment properties as at 31 December 2020 were:

Location	Description	Existing use	Tenure of land	Lease term
Section 3, Allotments 54, 55, City of Lae, PNG	2-storey townhouse	Commercial	Leasehold	99 years (expires on 30 June 2048)
Section 164, Allotments 10 & 11, City of Lae, PNG	1 warehouse attached with office and residential unit	Commercial	Leasehold	99 years (expires on 3 May 2071)
510 Thomson Road, #08-00 SLF Building Singapore 298135	1 office unit	Office	Leasehold	99 years (expires on 12 February 2078)

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

The fair value of the investment properties as at 31 December 2020 was $11,474,000 (2019: $11,806,000).

Determination of fair value

The fair value of investment properties located in Singapore is based on market comparison approach (2019: market comparison approach) and the fair value of investment properties located in Papua New Guinea ('PNG') are based on market comparison approach and income capitalisation method (2019: market comparison approach), being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The market comparison approach involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group. The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.

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

Investment properties leased out under operating leases

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

Minimum lease receivables

The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Within one year	**33**	40

Securities

Certain investment properties of the Group are mortgaged to banks to secure credit facilities as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7 RIGHT-OF-USE ASSETS

The Group leases assets including leasehold land, office and storage space and motor vehicle. Information about leases for which the Group is a lessee is presented below.

	Leasehold land $'000	Office and storage space $'000	Motor vehicle $'000	Total $'000
Group				
Balance at 1 January 2019	2,914	419	–	3,333
Additions	–	2,848	–	2,848
Acquisition of subsidiaries (Note 37(a)(ii))	–	532	16	548
Depreciation charge for the year	(122)	(1,193)	(10)	(1,325)
Balance at 31 December 2019	2,792	2,606	6	5,404
Balance 1 January 2020	**2,792**	**2,606**	**6**	**5,404**
Additions	**–**	**709**	**–**	**709**
Depreciation charge for the year	**(122)**	**(1,440)**	**(6)**	**(1,568)**
Balance at 31 December 2020	**2,670**	**1,875**	**–**	**4,545**

The depreciation for the year is analysed as follows:

	Group 2020 $'000	Group 2019 $'000
Depreciation for the year	**1,568**	1,325
Depreciation included in cost of construction contracts and engineering solutions	**(641)**	(543)
Depreciation charged to profit or loss	**927**	782

8 SUBSIDIARIES

	Company 2020 $'000	Company 2019 $'000
Unquoted shares in subsidiaries, at cost	**59,624**	59,624

Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is any objective evidence that the investment in a subsidiary is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the industry performance, technology changes, operational and financing cash flow. Management also considers the financial conditions and business prospects of the investment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary.

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Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal places of business/ Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
(i) Direct subsidiary				
Tiong Seng Contractors (Private) Limited ("Tiong Seng Contractors")[1]	Construction works	Singapore	**100**	100
(ii) Indirect subsidiaries				
Robin Village Development Pte. Ltd.[1]	Precast and prefabrication	Singapore	**100**	100
Tiong Seng Civil Engineering (Private) Limited[1]	Construction works	Singapore	**100**	100
Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang")[2]	Property development	PRC	**83**	83
Suzhou Changhe Investment and Development Co., Ltd. ("Changhe")[3]	Property development	PRC	**100**	100

1 Audited by KPMG LLP, Singapore

2 Audited by Tianjin Grant Thornton Certified Public Accountants Co., Ltd., PRC

3 Audited by Suzhou Rui Ya Certified Public Accountants Co., Ltd., PRC

9 ASSOCIATES AND JOINT VENTURES

	Group 2020 $'000	Group 2019 $'000
Interests in associates	**–**	*
Interests in joint ventures	**10,486**	10,281
	10,486	10,281
Loans to joint ventures	**28,668**	26,705
	39,154	36,986

* *Less than $1,000*

The loans to joint ventures are unsecured and bear interest from 1.40% and 2.85% (2019: 1.85% and 3.29%) per annum. These loans are not expected to be repaid within the next twelve months from 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

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Associates

The associates are not considered significant in accordance with Rule 718 of the Singapore Exchange Limited Listing Manual. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual, if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The summarised financial information relating to associates not adjusted for the percentage of ownership held by the Group is as follows:

	2019 $'000
Assets and liabilities	
Total assets	114
Total liabilities	(350)
Results	
Revenue	–
Expenses	*
Loss after taxation	*

* *Less than $1,000*

In 2019, the Group has not recognised its share of the current year loss and the cumulative losses relating to one of its associates amounting to $* and $94,000 respectively, because the Group has no obligation in respect of these losses. The Group did not have any capital commitments and contingent liabilities relating to its associates.

During the year, the Group has disposed its entire 40% interest in Fierce (Suzhou) Co., Ltd, an associate of the Group for a total consideration of approximately of $20 (RMB100).

Joint ventures

Details of the significant joint ventures are as follows:

Name of joint venture	Principal activities	Principal places of business/ Country of incorporation	Ownership interest	
			2020 %	2019 %
Incorporated joint ventures				
Feature (Balmoral) Pte. Ltd.[1]	Property development	Singapore	**30**	30
TSky Development Pte. Ltd.[1]	Property development	Singapore	**60***	60*
TSky Balmoral Pte. Ltd.[1]	Property development	Singapore	**42**	42
TSky Cairnhill Pte. Ltd.[1]	Property development	Singapore	**31**	31

NOTES TO THE FINANCIAL STATEMENTS

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Name of joint venture	Principal activities	Principal places of business/ Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Unincorporated joint ventures				
Samsung–Tiong Seng Joint Venture (partnership)[1]	Construction works	Singapore	**45**	45
GS E&C – TSC JV (partnership)[1]	Construction works	Singapore	**30**	30
Tiong Seng–Dongah Joint Venture (partnership)[1]	Construction works	Singapore	**66***	66*

1 *Audited by KPMG LLP, Singapore*

* Although the Group holds more than 50% ownership interest in these companies, pursuant to contractual agreements between the Group and its joint venture partners in these companies, joint control is exercised by both parties over the key activities of these companies. Accordingly, TSky Development Pte. Ltd. and Tiong Seng–Dongah Joint Venture (partnership) are classified as joint ventures of the Group.

All joint ventures are unlisted joint arrangements in which the Group has joint control via investors' agreements, and are the Group's strategic partners, principally engaged in construction, precast and prefabrication and property development.

Joint ventures are structured as separate vehicle and the Group has residual interests in its net assets. Accordingly, the Group has classified its interests as joint ventures, which is equity accounted.

The following summarises the financial information of each of the Group's material joint ventures based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interests in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	TSky Development Pte. Ltd. and its joint ventures $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2020						
Revenue	6,880	–	11,743	–		
(Loss)/Profit after tax/Total comprehensive income[(a)]	(60)	–	408	(3,399)		
Non-current assets	–	–	5,944	38,834		
Current assets[(b)]	6,930	6,071	12,677	507		
Non-current liabilities[(c)]	–	–	(5,949)	(48,799)		
Current liabilities[(d)]	(1,842)	(21,395)	(2,186)	(318)		
Net assets/(liabilities)	5,088	(15,324)	10,486	(9,776)		

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	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	TSky Development Pte. Ltd. and its joint ventures $'000	Individually immaterial joint ventures $'000	Total $'000
Group's interest in net assets/(liabilities) of investee at beginning of the year (before the reclassification of losses to amounts due to joint ventures)	1,544	(4,597)	6,652	(3,826)	2,085	1,858
Share of total comprehensive income	(18)	–	269	(2,040)	(46)	(1,835)
Offsetting losses against amount due from joint ventures	–	3,321	–	–	–	3,321
Reclassification of losses to amount due to joint ventures	–	1,276	–	5,866	–	7,142
Carrying amount of interest in investee at end of the year	1,526	–	6,921	–	2,039	10,486

	Feature (Balmoral) Pte. Ltd. $'000	GS E&C – TSC JV (partnership) $'000	Samsung-Tiong Seng Joint Venture (partnership) $'000	Tiong Seng Dongah Joint Venture (partnership) $'000	TSky Development Pte. Ltd. and its joint ventures $'000	Individually immaterial joint ventures $'000	Total $'000
31 December 2019							
Revenue	13,202	1,156	–	20,479	253		
(Loss)/Profit after tax/Total comprehensive income[(a)]	(660)	1,453	–	(545)	(4,625)		
Non-current assets	–	–	–	5,687	–		
Current assets[(b)]	7,912	6,071	7,343	17,748	38,563		
Non-current liabilities[(c)]	(2,723)	–	–	(5,658)	–		
Current liabilities[(d)]	(42)	(21,395)	(35,143)	(7,698)	(43,939)		
Net assets/(liabilities)	5,147	(15,324)	(27,800)	10,079	(5,376)		
Group's interest in net assets/(liabilities) of investee at beginningof the year (before the reclassification of losses to amounts due to joint ventures)	1,742	(5,033)	(12,510)	7,011	(1,051)	1,709	(8,132)
Share of total comprehensive income	(198)	436	4,473*	(359)	(2,775)	2,398	3,975
Offsetting losses against amount due from joint ventures	–	3,321	8,037	–	–	–	11,358
Reclassification of losses to amount due to joint ventures	–	1,276	–	–	3,826	–	5,102
Carrying amount of interest in joint venture acquired as subsidiaries (Note 37(a))	–	–	–	–	–	(2,022)	(2,022)
Carrying amount of interest in investee at end of the year	1,544	–	–	6,652	–	2,085	10,281

* This relates to reduction in Group's share of losses of Samsung Tiong Seng Joint Venture (Partnership) due to agreement reached with the joint venture partner during the year on the share of prior year losses of Samsung Tiong Seng Joint Venture (Partnership).

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(a) includes:
- interest expense of $119,000 (2019: $262,000).
- interest income of $509,000 (2018: $1,229,000)
- tax credit of $161,000 (2019: $190,000).

(b) includes cash and cash equivalents of $4,319,000 (2019: $8,059,000).

(c) includes non-current financial liabilities (excluding trade and other payables and provisions) of $54,747,000 (2019: $51,883,000).

(d) includes current financial liabilities (excluding trade and other payables and provisions) of $1,562,000 (2019: $2,800,000).

The Group's share of commitment has been included in Note 31.

Details of significant judgement relating to revenue and cost recognition of construction contract undertaken by the joint ventures are set out in Note 24.

10 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current					
Retention monies on construction contracts		**5,829**	2,917	**–**	–
Current					
Trade receivables		**19,883**	37,838	**–**	–
Less: Allowance for impairment loss	35(b)	**(832)**	(560)	**–**	–
		19,051	37,278	**–**	–
Advances to suppliers, trade		**7,985**	1,883	**–**	–
Retention monies on construction contracts		**15,715**	26,047	**–**	–
Deposits and prepayments		**3,357**	4,769	**12**	7
Tax prepayments		**1,710**	2,004	**–**	–
Other receivables		**2,164**	6,968	**351**	–
Government grant receivables		**1,868**	–	**–**	–
		51,850	78,949	**363**	7
Total		**57,679**	81,866	**363**	7

Government grant receivables relate to wage subsidies under job support scheme from Singapore Government in relation to the COVID-19 pandemic. As at 31 December 2020, grant receivables and corresponding deferred income (see Note 22) were recognised in relation to the grant receivables for the wages payable to eligible employees for December 2020.

11 OTHER INVESTMENTS

	Group	
	2020 $'000	2019 $'000
Club membership	**384**	724
Equity investments – at FVOCI		
Quoted equity investments	**18**	18
Unquoted equity investments	**743**	743
	1,145	1,485

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Equity investments designated as at FVOCI

The Group designated equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

No strategic investments were disposed of during 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

12 DEFERRED TAX ASSETS/(LIABILITIES)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

	At 1 January 2019 $'000	Acquisition/ Disposal of subsidiaries (Note 37) $'000	Recognised in profit or loss (Note 27) $'000	At 31 December 2019 $'000	Recognised in profit or loss (Note 27) $'000	At 31 December 2020 $'000
Group						
Deferred tax assets						
Investment properties	206	(206)	129	129	(36)	**93**
Trade and other payables	2,051	28	(1,860)	219	2,510	**2,729**
Estimated benefit on loss carry forward	111	4	(58)	57	1,815	**1,872**
Lease liabilities	–	–	–	–	87	**87**
	2,368	(174)	(1,789)	405	4,376	**4,781**
Deferred tax liabilities						
Property, plant and equipment	(5,278)	(211)	1,980	(3,509)	301	**(3,208)**
Trade and other payables	(168)	–	9	(159)	(93)	**(252)**
	(5,446)	(211)	1,989	(3,668)	208	**(3,460)**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group 2020 $'000	Group 2019 $'000
Deferred tax assets	**2,250**	149
Deferred tax liabilities	**(929)**	(3,412)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020	**2019**
	$'000	**$'000**
Deductible temporary differences	**17,224**	14,799
Tax losses	**44,066**	48,298
	61,290	63,097

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Except for tax losses of $28,310,000 (2019: $41,189,000) which expire in 5 to 7 years from the tax losses arise, the remaining amounts do not expire under their respective current tax legislation. Deferred tax assets have not been recognised in respect of these items because it may not be probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $22,148,000 (2019: $23,428,000) of certain overseas subsidiaries for the year ended 31 December 2020 as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

13 INVENTORIES

	Group	
	2020	**2019**
	$'000	**$'000**
Raw materials and consumables	**6,280**	1,022
Finished goods	**6,319**	1,651
	12,599	2,673

In 2020, inventories of $14,874,000 (2019: $33,383,000) were recognised as an expense during the year and included in "Cost of construction contract and engineering solutions".

14 CONTRACT COSTS

Contract costs relates to commission fees paid to property agents for securing sale contracts and direct cost incurred on the construction projects that will be used in satisfying future performance obligations which were capitalised during the year. The capitalised costs are amortised when the related revenue is recognised. During the year, $992,000 (2019: $148,000) was amortised to profit or loss. There was no impairment loss in relation to the costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	Group	
	2020	2019
	$'000	$'000
Contract assets	**63,231**	102,569
Contract liabilities	**(65,917)**	(57,536)

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

The contract liabilities relate to:

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

Significant changes in the contract assets and the contract liabilities balances during the year were as follows:

	Contract assets		Contract liabilities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	–	**52,567**	14,577
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(60,948)**	(36,959)
Contract assets recognised at the beginning of the year reclassified to trade receivables	**(88,065)**	(57,028)	**–**	–
Recognition of revenue, net of reclassification to trade receivables during the year	**49,374**	83,211	**–**	–
Cumulative catch-up as a result of contract modifications	**(647)**	284	**–**	–
Acquisition/Disposal of subsidiaries (Note 37)	**–**	2,133	**–**	229

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16 DEVELOPMENT PROPERTIES

		Group	
		2020	2019
		$'000	$'000
(a)	Properties under development, for which revenue is to be recognised at a point in time		
	Land and land related costs	**72,280**	79,222
	Development costs	**48,353**	69,030
		120,633	148,252
	Allowance for diminution in value	**(7,605)**	(4,031)
	Properties under development	**113,028**	144,221
(b)	Completed development properties, at cost	**96,510**	88,763
	Allowance for diminution in value	**(10,054)**	(8,991)
	Completed development properties	**86,456**	79,772
	Total development properties	**199,484**	223,993

(i) Allowance for diminution in value

Movement in allowance for diminution in value was as follows:

	Group	
	2020	2019
	$'000	$'000
At 1 January	**13,022**	13,945
Allowance for diminution in value made during the year	**4,730**	–
Utilisation during the year	**(797)**	(542)
Translation differences on consolidation	**704**	(381)
At 31 December	**17,659**	13,022

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.

(ii) During the year, completed development properties of $44,695,000 (2019: $16,496,000) were recognised as an expense and included in "Cost of sales of development properties".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

The details of the Group's development properties as at 31 December 2020 were:

Location	Description	Intended use	Stage of completion	Expected date of completion	Land area	Gross floor area	Group's effective interest
The Equinox, Dagang, Guangang Forest Park, Tianjin, PRC	Residential development	Residential	Phases development with expected full completion around 2025		325,000 sqm	Residential: 162,000 sqm	83%
Tranquility Residences, Xushuguan Development Zone, Suzhou, PRC	Residential development	Residential	Completed	Completed	85,509 sqm	Residential: 87,220 sqm	100%
Zizhulin, Tianjin, PRC	Commercial land	Commercial	Planning stage	Planning stage	8,000 sqm	Commercial: 12,000 sqm	80%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17 AMOUNTS DUE FROM/(TO) RELATED PARTIES

Amounts due from related parties

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current				
Trade amount due from:				
– joint ventures	**4,303**	3,979	**–**	–
Current				
Trade amounts due from:				
– joint ventures	**3,261**	132	**–**	–
– affiliated corporation	**58**	2,891	**–**	–
	3,319	3,023	**–**	–
Non-trade amounts due from:				
– affiliated corporations	**3**	77	**–**	–
– joint ventures	**1,457**	5,377	**–**	–
– non-controlling interests	**5,960**	17,259	**–**	–
less: allowance for impairment loss	**(873)**	–	**–**	–
	5,087	17,259	**–**	–
– subsidiaries	**–**	–	**104,436**	104,436
	6,547	22,713	**104,436**	104,436
Loans to non-controlling interests	**3,831**	3,604	**–**	–
	13,697	29,340	**104,436**	104,436
Total amounts due from related parties	**18,000**	33,319	**104,436**	104,436

An affiliated corporation is defined as one:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The non-trade amounts due from affiliated corporations, joint ventures and subsidiaries are unsecured, interest-free and repayable on demand.

The non-trade amount due from non-controlling interests is unsecured, interest-free and repayable on demand except for the amount of $3,495,000 (2019: $11,393,000) which is secured by undistributed retained earnings and expected future earnings of certain subsidiaries attributable to the non-controlling interests.

The loans to non-controlling interests comprise:

(i) an amount of $3,504,000 (2019: $3,274,000) which bears interest at 12% (2019: 12%) per annum and is secured by the non-controlling interests' shares in a subsidiary, Guangang. The amount is repayable on demand; and

(ii) an amount of $327,000 (2019: $330,000) which is secured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Amounts due to related parties

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade amounts due to:				
– corporate shareholder	**(5)**	(1)	**–**	–
– affiliated corporation	**(4,494)**	(2,845)	**–**	–
	(4,499)	(2,846)	**–**	–
Non-trade amounts due to:				
– subsidiary	**–**	–	**(60,968)**	(59,326)
– joint ventures	**(7,534)**	(5,823)	**–**	–
– non-controlling interests	**(1,027)**	–	**–**	–
	(8,561)	(5,823)	**(60,968)**	(59,326)
Loans from non-controlling interests	**(5,183)**	(7,028)	**–**	–
Total amounts due to related parties	**(18,243)**	(15,697)	**(60,968)**	(59,326)

The non-trade amounts due to subsidiary, joint ventures and non-controlling interests and loans from non-controlling interests are unsecured, interest-free and repayable on demand.

18 ASSETS HELD FOR SALE

In 2018, the Group entered into an enbloc sales arrangement to dispose one of its investment properties (Note 6). The investment property which was expected to be sold within twelve months after the reporting date, had been classified as assets held for sale and was presented separately in the Group's statement of financial position in prior year.

The proceeds of disposal was expected to exceed the net carrying amount of the investment property and, accordingly, no impairment loss had been recognised on the classification of the investment property as assets held for sale.

The disposal was completed on 3 January 2020.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**42,540**	54,600	**101**	85
Fixed deposits	**895**	939	**–**	–
	43,435	55,539	**101**	85
Deposits pledged	**(562)**	(590)		
Restricted cash	**(174)**	(224)		
Cash and cash equivalents in the statement of cash flows	**42,699**	54,725		

Restricted cash consists of cash held in a designated account due to regulatory requirement in PRC development project rules, where the funds will be released upon completion of each phase of development.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group was 0.31% (2019: 0.39%) per annum.

The deposits are pledged as security to obtain bank loans as disclosed in Note 23.

20 SHARE CAPITAL

	2020		2019	
	No. of shares	**$'000**	**No. of shares**	**$'000**
Issued and fully paid ordinary shares, with no par value				
At 1 January	**444,785,349**	**177,495**	444,785,349	177,495
Treasury shares	**(3,365,800)**	**(421)**	–	–
At 31 December	**441,419,549**	**177,074**	444,785,349	177,495

The holders of all ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interests. The primary objective of the management of the Company's capital structure is to maintain efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return of capital which the Group defines as profit/loss attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interests. The return on capital in 2020 was in loss of 13.5% (2019: profit of 4.0%). The Board also monitors the level of dividends paid to ordinary shareholders.

The Board regularly reviews the Company's capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments.

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

Dividends

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

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Paid by the Company to owners of the Company		
0.5 cent (2019: 0.5 cent share) per qualifying ordinary share	**2,213**	2,224
Paid by a subsidiary to non-controlling interest		
0.21 dollar per qualifying ordinary share	**8,138**	–
0.04 dollar per qualifying ordinary share	**–**	800
0.02 dollar (2019: 0.02 dollar share) per qualifying ordinary share	**315**	309

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

During the year, the dividend to non-controlling interest of $7,272,000 was set off against the amount due from non-controlling interest and $1,181,000 was paid by cash. In 2019, the dividend to non-controlling interest of $1,109,000 was paid by cash.

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	
	2020	**2019**
	$'000	**$'000**
0.25 cent (2019: 0.5 cent share) per qualifying ordinary share	**1,104**	2,213

21 RESERVES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Merger reserve	**(77,720)**	(77,720)	**(45,850)**	(45,850)
Capital reserve	**(9,345)**	(7,279)	**–**	–
Statutory reserve	**1,909**	1,495	**–**	–
Foreign currency translation reserve	**775**	(6,553)	**–**	–
Fair value reserve	**209**	209	**–**	–
	(84,172)	(89,848)	**(45,850)**	(45,850)

Merger reserve

Group

The merger reserve represents the difference between the cost of the acquisition for the restructuring and the value of share capital of the entities acquired.

Company

The merger reserve represents the difference between the cost of acquisition of the Tiong Seng Contractors combined group, recorded in accordance with paragraph 13 of SFRS(I) 27 *Separate Financial Statements*, and the paid up capital of the Company issued for the acquisition.

Capital reserve

The Group's capital reserve arises mainly from acquisition of additional interest in subsidiaries.

Statutory reserve

The Group follows the accounting principles and relevant financial regulations of the PRC applicable to sino-foreign equity joint venture enterprises ("PRC GAAP – EJV"), wholly foreign-owned enterprises ("PRC GAAP – WFOE") or enterprises established in the PRC ("PRC GAAP") in the preparation of the accounting records and financial statements.

Pursuant to accounting regulations for sino-foreign equity joint venture enterprises (中华人民共和国中外合资经营企业法实施条例), sino-foreign equity joint venture enterprises ("EJV") are required to appropriate profit to the statutory reserve. Appropriation to the statutory reserve is determined by the board of directors based on the profit arrived at in accordance with PRC GAAP – EJV for each year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Pursuant to accounting regulations for foreign-invested PRC enterprises (中华人民共和国外商投资企业会计制度[财会字(1992)33号]) and the PRC Company Law (中华人民共和国公司法), wholly foreign-owned enterprises ("WFOE") and enterprises established in the PRC are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP – WFOE and PRC GAAP for each year to a statutory reserve.

The profit arrived at must be used to set off against any accumulated losses. The appropriation to statutory reserve, after offsetting against any accumulated losses, must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. For WFOE and EJV, the statutory reserve may be used to set off losses or be converted into paid-in capital.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign corporations; and

(b) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of equity investments designated at FVOCI.

22 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current				
Retention sums payable	**5,579**	11,933	**–**	–
Current				
Trade payables	**32,452**	46,181	**–**	–
Accrued trade payables	**57,930**	90,610	**–**	–
Accrued operating expenses and other payables	**8,102**	17,877	**219**	936
Retention sums payable	**20,531**	20,475	**–**	–
Deferred income	**1,010**	–	**–**	–
Provisions	**20,344**	–	**–**	–
	140,369	175,143	**219**	936
Total	**145,948**	187,076	**219**	936

Deferred income relates to wage subsidies under the jobs support scheme from the Government in relation to the COVID-19 pandemic, which will be recognised in profit or loss in future period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Provisions

	Provision for penalties $'000	Provision for onerous contracts $'000	Total $'000
Group			
At 1 January 2020	–	–	–
Provision made during the year	4,688	15,656	20,344
At 31 December 2020	4,688	15,656	20,344

The provisions for penalties and onerous contracts made during the year have been included in "Costs of sales of development properties", "other expenses" and "Cost of construction contracts and engineering solutions" respectively.

Provision for penalties were made for late completion of development and administrative fine in connection to one of the PRC development project.

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

23 LOANS AND BORROWINGS

	Group 2020 $'000	Group 2019 $'000
Non-current		
Secured bank loans	**25,022**	10,834
Lease liabilities	**3,877**	4,598
	28,899	15,432
Current		
Secured bank loans	**37,978**	80,432
Lease liabilities	**1,527**	1,498
	39,505	81,930
Total loans and borrowings	**68,404**	97,362

Maturities of liabilities (excluding lease liabilities)

	Group 2020 $'000	Group 2019 $'000
Within one year	**37,978**	80,432
Between one and five years	**22,858**	7,336
More than five years	**2,164**	3,498
	63,000	91,266

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Security

The secured bank loans are secured on the following assets:

	Group 2020 $'000	Group 2019 $'000
Carrying amounts of assets:		
Leasehold land	**10,273**	10,789
Freehold land	**13,759**	3,950
Leasehold properties	**47,639**	50,160
Investment properties	**3,779**	3,931
Plant and machinery	**79**	131
Motor vehicles	**454**	551
Fixed deposits	**562**	590
Assets held for sale	**–**	215
Total	**76,545**	70,317

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

Secured loan from a bank

In 2019, included in the secured bank loans was a loan amounting to $6,000,000 secured by the followings:

(a) the Group's shares in Chang De Investment Private Limited, Tiong Seng Properties (Private) Limited, Tianjin Zizhulin Development Co., Ltd., Tianjin Zizhulin Guangang Property Development Co., Ltd., and Suzhou Changhe Investment and Development Co., Ltd. ("existing development properties projects");

(b) the subordination of the Group's share of existing and future shareholder's loans relating to the Group existing development properties projects;

(c) the assignment of the Group's share of existing and future shareholder's loans relating to the Group existing development properties projects; and

(d) the Group's shares in certain other investment.

The loan was fully repaid in during the year.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
Group				
At 31 December 2020				
Secured bank loans	**SGD**	**1.50 – 3.40**	**2021 – 2032**	**63,000**
Lease liabilities	**SGD**	**2.15 – 3.79**	**2021 – 2055**	**5,404**
Total loans and borrowings				**68,404**
At 31 December 2019				
Secured bank loans	SGD	1.50 – 3.85	2020 – 2033	91,266
Lease liabilities	SGD	1.48 – 3.80	2020 – 2055	6,096
Total loans and borrowings				97,362

NOTES TO THE FINANCIAL STATEMENTS

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Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

	Liabilities			Equity					
	Amounts due to related parties $'000	Secured bank loans $'000	Lease liabilities $'000	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Group									
Balance at 1 January 2019	22,676	109,497	4,065	181,947	(4,452)	(76,757)	167,448	38,218	442,642
Changes from financing cash flows									
Balances with related parties (non-trade)	(5,711)	–	–	–	–	–	–	–	(5,711)
Dividends paid to:									
– owners of the Company	–	–	–	–	–	–	(2,224)	–	(2,224)
– non-controlling interests	–	–	–	–	–	–	–	(1,109)	(1,109)
Interest paid	–	(3,407)	(169)	–	–	–	–	–	(3,576)
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	–	–	(2,727)	(2,727)
Payments of lease liabilities	–	–	(1,468)	–	–	–	–	–	(1,468)
Proceeds from loans and borrowings	–	51,985	–	–	–	–	–	–	51,985
Repayment of loans and borrowings	–	(70,216)	–	–	–	–	–	–	(70,216)
Total changes from financing cash flows	(5,711)	(21,638)	(1,637)	–	–	–	(2,224)	(3,836)	(35,046)
The effect of changes in foreign exchange rates	–	–	–	–	–	(3,979)	–	(1,543)	(5,522)
Other changes									
Liability-related									
New leases	–	–	2,848	–	–	–	–	–	2,848
Interest expense	–	3,407	169	–	–	–	–	–	3,576
Others	(1,268)	–	651	–	–	–	–	–	(617)
Total liability-related other changes	(1,268)	3,407	3,668	–	–	–	–	–	5,807
Total equity-related other changes	–	–	–	–	–	(9,112)	12,661	(13,884)	(10,335)
Balance at 31 December 2019	15,697	91,266	6,096	181,947	(4,452)	(89,848)	177,885	18,955	397,546

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

	Liabilities			Equity					
	Amounts due to related parties $'000	Secured bank loans $'000	Lease liabilities $'000	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Group									
Balance at 1 January 2020	15,697	91,266	6,096	181,947	(4,452)	(89,848)	177,885	18,955	397,546
Changes from financing cash flows									
Balances with related parties (non-trade)	(1,970)	–	–	–	–	–	–	–	(1,970)
Dividends paid to:									
– owners of the Company	–	–	–	–	–	–	(2,213)	–	(2,213)
– non-controlling interests	–	–	–	–	–	–	–	(1,181)	(1,181)
Interest paid	–	(1,879)	(137)	–	–	–	–	–	(2,016)
Purchase of treasury shares	–	–	–	–	(421)	–	–	–	(421)
Payments of lease liabilities	–	–	(1,651)	–	–	–	–	–	(1,651)
Proceeds from loans and borrowings	–	39,530	–	–	–	–	–	–	39,530
Repayment of loans and borrowings	–	(67,798)	–	–	–	–	–	–	(67,798)
Total changes from financing cash flows	(1,970)	(30,147)	(1,788)	–	(421)	–	(2,213)	(1,181)	(37,720)
The effect of changes in foreign exchange rates	–	–	–	–	–	7,328	–	1,116	8,444
Other changes									
Liability-related									
New leases	–	–	959	–	–	–	–	–	959
Interest expense	–	1,879	137	–	–	–	–	–	2,016
Others	4,516	2	–	–	–	–	–	–	4,518
Total liability-related other changes	4,516	1,881	1,096	–	–	–	–	–	7,493
Total equity-related other changes	–	–	–	–	–	(1,652)	(32,403)	(14,054)	(48,109)
Balance at 31 December 2020	18,243	63,000	5,404	181,947	(4,873)	(84,172)	143,269	4,836	327,654

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

24 REVENUE

	Group	
	2020	**2019**
	$'000	**$'000**
Revenue from construction contracts and engineering solutions	**180,498**	382,319
Revenue from sales of development properties	**55,412**	22,326
Rental income	**28**	905
	235,938	405,550

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Construction contracts and engineering solutions

Nature of services	Construction and provision of engineering solution. Provision of engineering solution include manufactures and supplies of precast and prefabricated components and provision of steel and mass engineered work.

When revenue is recognised	Revenue from construction contract is recognised progressively over time using input method based on construction costs incurred to-date as compared to the estimated total construction costs.
Significant payment terms	Progress billings are issued monthly based on the amount of work certified for the month. The progress billings are payable within credit terms granted by the Group to the customers.

When revenue is recognised	Revenue form precast and prefabricated components is recognised when goods are delivered to customers or the customers are notified to collect the goods and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued to the customers in accordance with agreed billing milestones and are payable within credit terms granted by the Group to the customers.

When revenue is recognised	Revenue from provision of steel and mass engineered timber work is recognised progressively over time using input method based on contract costs incurred to-date as compared to the estimated total contract costs.
Significant payment terms	For steel and mass engineered timber work, progress billings are issued monthly based on the amount of work certified for the month. The progress billings are payable within credit terms granted by the Group to the customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Sales of development properties

Nature of services	Development properties
When revenue is recognised	Revenue is recognised when control over the property is transferred to the customer which is at the point when the key of the property is handed over to the purchaser. Upon the handover of the key, the completion certificate of the development of the property have been received, financial contracts have been signed and registered with housing authorities in the relevant province in the People's Republic of China and 100% of the sale amount under the contract have been received.
Significant payment terms	Customers are required to make payment upon signing of sale and purchase agreement.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2020 $'000	2019 $'000
Construction contracts and engineering solutions	**1,156,451**	761,670
Sale of development properties	**24,616**	42,461
	1,181,067	804,131

The Group expects the above amounts to be recognised as revenue over the next one to three years. Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Revenue and costs recognition from construction contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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.

25 (LOSS)/PROFIT BEFORE TAX

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

		Note	Group 2020 $'000	Group 2019 $'000
(a)	**Other income**			
	Fees from project and property management		**541**	566
	Gain on disposal of:			
	– property, plant and equipment		**612**	21
	– scrap parts and materials		**217**	679
	– subsidiaries	37(c)	**–**	7,383
	– associates		*****	311
	– assets held for sale		**1,585**	–
	Bargain purchase on acquisition of subsidiaries	37(a)(ii)	**–**	2,573
	Sales of parking lots		**230**	151
	Government grants:			
	– jobs support scheme	22	**6,422**	–
	– levy rebates		**5,330**	–
	– safe project-based support		**2,099**	–
	– property tax rebates		**216**	–
	– others		**303**	136
	Training and testing fee income		**129**	174
	Consultancy services fees		**156**	134
	Management fees		**788**	840
	Others		**883**	692
			19,511	13,660

* *Less than $1,000*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

			Group	
		Note	2020 $'000	2019 $'000
(b)	**Other expenses include**			
	Allowance for diminution in value of development properties	16	**4,730**	–
	Direct operating expenses arising from:			
	– rental of investment properties		**6**	74
	– investment property that did not generate rental income		**103**	101
	Net impairment loss on:			
	– trade receivables	10	**272**	22
	– other investments	11	**340**	–
	– amount due from non-controlling interest	17	**873**	–
	Fine and penalty	22	**1,498**	23
	Written off:			
	– property, plant and equipment		**2**	–
	– bad debts		**84**	–
	– inventories		**–**	12
(c)	**Staff costs**			
	Wages and salaries for staff		**46,233**	64,060
	Contribution to defined contribution plans		**2,784**	3,351
	Increase in liability for short-term accumulating compensated absence		**–**	38
	Others		**670**	908
	Staff costs for the year		**49,687**	68,357

The staff costs charged to profit or loss are arrived at as follows:

	Group	
	2020 $'000	2019 $'000
Staff costs for the year	**49,687**	68,357
Staff costs included in cost of construction contracts	**(32,953)**	(47,228)
Staff costs charged to profit or loss	**16,734**	21,129

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

26 FINANCE INCOME AND COSTS

	Group 2020 $'000	Group 2019 $'000
Recognised in profit or loss		
Accretion of discount implicit in retention sum receivables	**296**	914
Implicit interest in retention sum payables	**244**	244
Interest income on:		
– cash and cash equivalents	**390**	212
– other investment	**–**	22
– loan to a joint venture	**13**	79
Exchange gain (net)	**599**	–
Finance income	**1,542**	1,471
Interest expense on:		
– bank loans	**(1,879)**	(3,407)
– lease liabilities	**(137)**	(169)
Accretion of implicit interest on:		
– retention sum payables	**(119)**	(246)
– advanced consideration received	**(1,778)**	(1,464)
Discount implicit in retention sum receivables	**(696)**	(399)
Others	**(275)**	–
Exchange loss (net)	**–**	(1,414)
Finance costs	**(4,884)**	(7,099)
Net finance costs recognised in profit or loss	**(3,342)**	(5,628)
The above finance income and finance costs include the following interest income and expenses in respect of assets/(liabilities) not at fair value through profit or loss:		
– Total interest income on financial assets	**403**	313
– Total interest expenses on financial liabilities	**(2,016)**	(3,576)

27 TAX (CREDIT)/EXPENSE

	Group 2020 $'000	Group 2019 $'000
Tax recognised in profit or loss		
Current tax		
Current year	**1,355**	5,978
Withholding tax	**–**	563
Changes in estimate related to prior years	**(385)**	(3,189)
	970	3,352
Deferred tax		
Origination and reversal of temporary differences	**(4,731)**	(999)
Change in unrecognised deductible temporary differences	**147**	1,199
	(4,584)	200
Land appreciation tax		
Current year	**2,914**	4,321
Changes in estimate related to prior years	**(989)**	–
	1,925	4,321
Total tax (credit)/expense	**(1,689)**	7,873

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Tax recognised in other comprehensive income

	2020			2019		
	Before tax $'000	Tax expense $'000	Net of tax $'000	Before tax $'000	Tax expense $'000	Net of tax $'000
Group						
Translation differences for foreign operations	**5,936**	**–**	**5,936**	(4,390)	–	(4,390)
Exchange differences on monetary items forming part of net investment in foreign operations	**2,413**	**–**	**2,413**	(1,675)	–	(1,675)
Realisation of exchange differences on monetary items transferred to income statement	**95**	**–**	**95**	275	–	275
Net change in fair value of equity investment at fair value through other comprehensive income	**–**	**–**	**–**	209	–	209
Realisation of translation difference from disposal of subsidiaries	**–**	**–**	**–**	268	–	268
	8,444	**–**	**8,444**	(5,313)	–	(5,313)

	Group 2020 $'000	Group 2019 $'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax	**(36,594)**	17,910
Less: Share of loss/(profit) of joint ventures, net of tax	**1,835**	(3,975)
(Loss)/Profit before tax excluding share of results of joint ventures	**(34,759)**	13,935
Tax expenses using domestic rates applicable to different jurisdictions	**(6,489)**	3,650
Withholding tax	**–**	563
Expenses not deductible for tax purposes	**1,970**	730
Income not subject to tax	**(2,966)**	(472)
Deferred tax benefits not recognised	**3,795**	1,715
Effect of land appreciation tax	**2,914**	4,321
Utilisation of previously unrecognised deferred tax benefits	**–**	(347)
Change in unrecognised deductible temporary differences	**147**	1,199
Changes in estimates related to prior years:		
– Current tax	**(385)**	(3,189)
– Land appreciation tax	**(989)**	–
Others	**314**	(297)
	(1,689)	7,873

Land appreciation tax

Under the Provisional Rules on Land Appreciation Tax ("LAT") Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including all finance costs and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Income and revenue taxes

The Group is subject to income, revenue and withholding taxes in a few jurisdictions. Significant judgement is required in determining the capital allowances, the types and rates of taxes payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the revenue, provision for income tax and deferred income tax provisions in the period in which such determination is made.

28 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ("EPS") was based on the (loss)/profit attributable to the ordinary shareholders of $31,989,000 (2019: $10,592,000) and a weighted average number of ordinary shares outstanding of 442,759,424 (2019: 444,785,349), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

	Group	
	2020	**2019**
	$'000	**$'000**
(Loss)/Profit attributable to ordinary shareholders	**(31,989)**	10,592

Weighted average number of ordinary shares

		Number of shares	
	Note	**2020**	**2019**
		'000	**'000**
Issued ordinary shares at 1 January	20	**444,785**	444,785
Effect of treasury shares		**(2,026)**	–
Weighted average number of ordinary shares during the year		**442,759**	444,785

There are no potential dilutive ordinary shares in existence for the years presented.

29 OPERATING SEGMENTS

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

The Group re-organized its management structure to have its diverse portfolio of engineering capabilities carved out from the Group's construction segment to form a new operating segment namely "Engineering Solutions" in last financial year. Following the re-organization of the management structure, Engineering Solutions segment was split out from Construction segment for operating segment disclosure.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

- Construction: Relates to acting as main contractors in construction and civil engineering projects and provision of construction and civil engineering services mainly to property developers and government in both private and public sectors.

- Engineering solutions: Relates to manufactures and supplies precast and prefabricated components as well as provision of steel and mass engineered timber works to main contractors in construction and civil engineering projects.

- Property development: Relates to development and sales of properties.

Other operations include rental and general corporate activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Construction $'000	Engineering solutions $'000	Property development $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2020							
External revenues	**148,868**	**31,631**	**55,411**	**235,910**	**28**	**–**	**235,938**
Inter-segment revenue	**2,440**	**9,283**	**–**	**11,723**	**–**	**(11,723)**	**–**
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)**
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 gain/(loss) of joint ventures, net of tax	**400**	**(178)**	**(2,057)**	**(1,835)**	**–**	**–**	**(1,835)**
Loss before tax							**(36,594)**
Tax credit							**1,689**
Loss for the year							**(34,905)**
Reportable segment assets	**178,947**	**84,819**	**218,842**	**482,608**	**25,396**	**–**	**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*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

	Construction $'000	Engineering solutions $'000	Property development $'000	Segments total $'000	Others* $'000	Elimination $'000	Total $'000
31 December 2019							
External revenues	310,353	71,967	22,325	404,645	905	–	405,550
Inter-segment revenue	3,005	26,297	–	29,302	–	(29,302)	–
Interest income	1,255	6	183	1,444	351	(1,482)	313
Interest expenses	(2,801)	(751)	(350)	(3,902)	(1,156)	1,482	(3,576)
Depreciation and amortisation	(17,352)	(5,905)	(65)	(23,322)	(19)	–	(23,341)
Reportable segment profit/(loss) before tax	10,193	1,399	(865)	10,727	3,208	–	13,935
Share of gain/(loss) of joint ventures, net of tax	4,452	2,495	(2,972)	3,975	–	–	3,975
Profit before tax							17,910
Tax expense							(7,873)
Profit for the year							10,037
Reportable segment assets	249,671	78,660	262,205	590,536	24,450	–	614,986
Investment in associates and joint ventures	3,291	409	33,286	36,986	–	–	36,986
Total assets							651,972
Reportable segment liabilities	231,994	52,369	69,168	353,531	13,954	–	367,485
Capital expenditure	901	2,532	1	3,434	29	–	3,463

* *Rental and general corporate activities*

Geographical segments

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

	Revenue from external customers		Non-current assets*	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group				
Singapore	**180,499**	382,326	**129,247**	140,539
PRC	**55,411**	22,952	**301**	296
PNG	**–**	71	**316**	340
Europe	**–**	–	**92**	85
Malaysia	**28**	201	**18,476**	7,861
	235,938	405,550	**148,432**	149,121

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Major customers

During the financial years ended 31 December 2020 and 2019, revenue from certain customers (named alphabetically A to C) of the Group's construction segment amounted to approximately $25,767,000 (2019: $168,914,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the year were as follows:

	2020		2019	
	$'000	%	$'000	%
Customer A	**25,767**	**11**	71,846	18
Customer B	**–**	**–**	57,327	14
Customer C	**–**	**–**	39,741	10
Total	**25,767**	**11**	168,914	42

30 LEASES

Leases as lessee

The Group leases leasehold land, office and storage space, worker dormitory, office equipment and motor vehicle. The leases run for a period of 1 to 30 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases worker dormitory and office equipment with contract terms of up to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

(i) Amounts recognised in profit or loss

	2020	2019
	$'000	$'000
Interest on lease liabilities	**137**	169
Expenses relating to short-term leases	**–**	314
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**30**	10

(ii) Amounts recognised in statement of cash flows

	2020	2019
	$'000	$'000
Total cash outflow for leases		
– Interest paid	**137**	169
– Payment of lease liabilities	**1,651**	1,468
	1,788	1,637

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

(iii) *Commitment relating to short-term leases and leases of low-value assets*

The Group applied practical expedients, therefore the Group did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application and leases of low value assets. Non-cancellable operating leases rentals for these leases are as follows:

	2020 $'000	2019 $'000
Less than one year	**27**	53
Between one and five years	**73**	99
	100	152

(iv) *Rent concessions*

The Group negotiated rent concessions with its landlords for its leasehold land as a result of the severe impact of COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leasehold land.

31 COMMITMENTS

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

	Group	
	2020 $'000	2019 $'000
Developmental costs contracted but not provided for:		
– subsidiaries	**9,774**	12,605
– joint ventures	**42,660**	26,475
	52,434	39,080

32 FINANCIAL GUARANTEE CONTRACTS

(a) Guaranteed performance bonds

Certain subsidiaries have obtained guarantee from the banks to provide performance bonds to the developers amounting to $132,614,000 (2019: $156,162,000).

(b) Financial guarantees by the Company in respect of banking facilities provided to subsidiaries

The Company accounts for its financial guarantees as insurance contracts. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows. At reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantee contracts. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

The Company issued financial guarantees to certain financial institutions in respect of banking facilities (inclusive of guaranteed performance bonds) for their wholly-owned subsidiaries amounting to $666,663,000 (2019: $494,111,000). As at 31 December 2020, $189,813,000 (2019: 232,117,000) of the banking facilities was utilised. At the reporting date, the Company does not consider it probable that the claims will be made against the Company under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 CONTINGENCIES

One of the subsidiaries of the Group in PNG had potential contingencies arising from a claim from certain former employees of the subsidiary for unlawful termination, breaches of the Constitution and the Employment Act and unpaid entitlements, amounting to approximately $4.0 million. Based on the advice of the external legal counsel, the claim was without merit and no provision had been recorded by the Group as at 31 December 2019. The claim was dismissed in 2020.

34 RELATED PARTIES

(a) Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The amounts stated below for key management compensation are for all the executive directors and other key management personnel. The amounts do not include compensation, if any, of certain key management personnel and directors of the Group who received compensation from related corporations outside the Group in their capacity as directors and, or executives of those related corporations.

Compensation payable to key management personnel, included in staff costs, comprise:

	Group	
	2020	**2019**
	$'000	**$'000**
Short-term employee benefits	**3,002**	4,308
Employer's contribution to Central Provident Fund	**83**	99
	3,085	4,407
Directors' fees payable by the Company	**285**	300

(b) Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Key management personnel		
Repayment of staff loans from/(staff loans to) ex-management staff	**–**	350
Sales of a residential unit to a director's immediate family by a joint venture	**–**	3,453
Affiliated corporations		
Lease of storage space	**(1,104)**	(799)
Hiring charges	**(2,799)**	(5,186)
Joint venture		
Recharge of staff costs	**(822)**	(213)
Construction revenue	**13,364**	18,412

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

35 FINANCIAL INSTRUMENTS

Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- insurance risk

This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Trade and other receivables and contract assets

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Over 99% (2019: 99%) of the Group's revenue is attributable to transactions in Singapore and the PRC. Consequently, the risk of non-payment from the Group's trade receivables is affected by any unfavourable economic changes to the Singapore construction and engineering solutions industry and the PRC property development market.

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The Group has established a credit policy and the exposures to credit risk are monitored on an ongoing basis. The contracting parties with the Group for the construction, precast, prefabrication, steel and mass engineered timber projects are either companies with good reputation in the market, listed on the Singapore Stock Exchange or government agencies. As for sales of properties, sales proceeds are fully settled before delivery of properties.

Monies due from customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

The Group does not require collateral in respect of trade and other receivables and contract assets. The Group does not have trade and other receivables and contract assets for which no loss allowance is recognised because of collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group			
	31 December 2020		31 December 2019	
	$'000	%	$'000	%
Singapore	**82,050**	**99.7**	139,554	99.7
PRC	**–**	**–**	15	0.1
Europe	**198**	**0.2**	184	0.1
Malaysia	**34**	**0.1**	94	0.1
Total	**82,282**	**100.0**	139,847	100.0

The exposure to credit risk for trade receivables and contract assets at the reporting date by industry sectors was:

	Group			
	31 December 2020		31 December 2019	
	$'000	%	$'000	%
Construction	**57,852**	**70.3**	108,799	77.8
Engineering solutions	**24,430**	**29.7**	31,033	22.2
Property development	**–**	**–**	15	0.0
Total	**82,282**	**100.0**	139,847	100.0

The Group's top four (2019: four) most significant customers, account for $10,129,000 of the trade receivables carrying amount as at 31 December 2020 (2019: $24,698,000).

Expected credit loss assessment for customers as at 1 January and 31 December 2020

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a large number of small balances.

The allowance matrix is based on loss rates determined based on actual credit loss experience over the past three years, current economic conditions and the Group's view of economic conditions over the expected lives of the recoverables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

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Scalar factors are based on actual and forecasted gross domestic product and is in the range of 1.8% to 3.6% (2019: 1.5% to 3.6%) for overall market condition.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers.

	Group			
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
2020				
Current (not past due)	**0.00**	**65,898**	**–**	**No**
Past due 1 – 30 days	**0.00**	**11,129**	**–**	**No**
Past due 31 – 60 days	**0.00**	**3,942**	**–**	**No**
More than 60 days	**36.92**	**2,145**	**(832)**	**Yes**
		83,114	**(832)**	
2019				
Current (not past due)	0.00	128,161	–	No
Past due 1 – 30 days	0.00	9,267	–	No
Past due 31 – 60 days	0.00	959	–	No
More than 60 days	27.72	2,020	(560)	Yes
		140,407	(560)	

Movement in allowance for impairment in respect of trade receivables and contract assets

The movement in allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group	
	2020 $'000	2019 $'000
At 1 January	**560**	553
Impairment loss recognised	**272**	22
Amount written off	**–**	(15)
At 31 December	**832**	560

Amount due from related parties

The Group and Company held receivables from its related parties of $18,000,000 and $104,436,000 respectively (2019: $33,319,000 and $104,436,000 respectively). Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), the Group made a provision of impairment loss of $873,000 on the non-trade amounts due from related parties due to continued operating losses and decrease in the value of the underlying net assets held by the related parties.

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Movement in allowance for impairment in respect of amounts due from related parties

The movement in allowance for impairment in respect of amounts due from related parties during the year was as follows:

	Group 2020 $'000
At 1 January	–
Impairment loss recognised	873
At 31 December	873

Other receivables and loans to joint ventures

Impairment on these balances have been measured on the 12-month expected loss basis which reflects the low credit risk of exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $43,435,000 and $101,000 respectively at 31 December 2020 (2019: $55,539,000 and $85,000 respectively). The cash and cash equivalents are held with banks, which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is insignificant.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management of liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including raising loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

At 31 December 2020, the Group maintains the following lines of credit:

- $6,700,000 (2019: $6,700,000) of secured overdraft facilities, of which $Nil (2019: $Nil) has been drawn down. Interest would be payable at rates ranging from prime rate to prime rate plus 125 basis points (bp); and

- $246,242,000 (2019: $134,666,000) that can be drawn down to meet short-term financing needs. An amount of $50,054,000 (2019: $81,023,000) has been drawn down at the reporting date.

The above lines of credit exclude term loan facilities that have been drawn down as they are no longer available for further utilisation.

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Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group					
At 31 December 2020					
Trade and other payables					
Trade payables	**32,452**	**32,452**	**32,452**	**–**	**–**
Accrued trade payables	**57,930**	**57,930**	**57,930**	**–**	**–**
Accrued operating expenses and other payables	**8,102**	**8,102**	**8,102**	**–**	**–**
Retention sums payable	**26,110**	**27,427**	**20,531**	**6,896**	**–**
	124,594	**125,911**	**119,015**	**6,896**	**–**
Loans and borrowings					
Secured bank loans	**63,000**	**63,566**	**38,126**	**23,109**	**2,331**
Lease liabilities	**5,404**	**6,659**	**1,672**	**1,703**	**3,284**
	68,404	**70,225**	**39,798**	**24,812**	**5,615**
Amounts due to related parties	**18,243**	**18,243**	**18,243**	**–**	**–**
Recognised financial liabilities	**211,241**	**214,379**	**177,056**	**31,708**	**5,615**
At 31 December 2019					
Trade and other payables					
Trade payables	46,181	46,181	46,181	–	–
Accrued trade payables	90,610	90,610	90,610	–	–
Accrued operating expenses and other payables	17,877	17,877	17,877	–	–
Retention sums payable	32,408	33,680	20,476	13,204	–
	187,076	188,348	175,144	13,204	–
Loans and borrowings					
Secured bank loans	91,266	92,161	80,830	7,614	3,717
Finance lease liabilities	6,096	7,456	1,658	2,328	3,470
	97,362	99,617	82,488	9,942	7,187
Amounts due to related parties	15,697	15,697	15,697	–	–
Recognised financial liabilities	300,135	303,662	273,329	23,146	7,187

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	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Company					
At 31 December 2020					
Trade and other payables					
Accrued operating expenses and other payables	219	219	219	–	–
Amount due to related parties	60,968	60,968	60,968	–	–
Recognised financial liabilities	61,187	61,187	61,187	–	–
At 31 December 2019					
Trade and other payables					
Accrued operating expenses and other payables	936	936	936	–	–
Amount due to related parties	59,326	59,326	59,326	–	–
Recognised financial liabilities	60,262	60,262	60,262	–	–

Guarantees

The Company provides financial guarantees only for their wholly-owned subsidiaries.

The maximum exposure of the financial guarantee at the end of the reporting period is disclosed in Note 32. At the reporting date, the Company does not consider that it probable that the claims will be made against the Company under the financial guarantee.

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Company				
31 December 2020				
Financial guarantees	124,168	64,781	864	189,813
31 December 2019				
Financial guarantees	164,115	66,982	1,020	232,117

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(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to interest rate risks arises primarily from their debt obligations. The interest charge for debt obligations are made up of a mixture of fixed and floating rates. The floating rate loans are contractually repriced at intervals of one to twelve months, or when notified by banks. The Group does not use derivative financial instruments to hedge interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Fixed rate instruments		
Loans and borrowings	**5,404**	6,096
Variable rate instruments		
Loans and borrowings	**63,000**	91,266

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bp in interest rates at the reporting dates would have decreased/increased loss/profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Group	
	2020	**2019**
	$'000	**$'000**
100 bp increase		
Increase in loss before tax (2019: decrease in profit before tax)	**630**	**913**

A 100 bp decrease in interest rates at the reporting date would have had an equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

The sensitivity analysis is illustrative only and is based on simplified scenarios. The table shows interest rate risk exposures arising in interest-bearing liabilities. These particular exposures form only part of the Group's overall interest rate exposures.

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Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings, including intercompany sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Renminbi ("RMB"), Singapore dollar ("SGD"), Euro ("EURO") and United States dollar ("USD").

Exposure to currency risk

The summary quantitative data about the exposure to currency risk as reported to the management of the Group is as follows:

	RMB $'000	SGD $'000	EURO $'000	USD $'000
Group				
At 31 December 2020				
Amounts due from related parties	**4,745**	**1,653**	**3,335**	**13,619**
Cash and cash equivalents	**403**	**–**	**–**	**385**
Trade and other payables	**–**	**–**	**(1,023)**	**–**
Amounts due to related parties	**–**	**–**	**–**	**(13,618)**
Loans and borrowings	**–**	**–**	**(4,721)**	**–**
	5,148	**1,653**	**(2,409)**	**386**
At 31 December 2019				
Amounts due from related parties	4,514	2,615	3,089	14,499
Cash and cash equivalents	6,016	–	–	1,606
Trade and other payables	–	–	(948)	–
Amounts due to related parties	–	–	–	(14,498)
Loans and borrowings	–	–	(5,538)	–
	10,530	2,615	(3,397)	1,607

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group would increase (loss)/profit before tax by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	(Loss)/Profit before tax 2020 $'000	 2019 $'000
Group		
RMB	**515**	1,053
SGD	**165**	262
EURO	**(241)**	(340)
USD	**39**	161

(e) Insurance risk

The Company issued financial guarantees to certain banks in respect of banking facilities (inclusive of guaranteed performance bonds) granted to subsidiaries of the Group. Please refer to Note 32 and Note 35(c) for details.

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.

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

* *Excluded tax prepayments, deposits and prepayments, advances to suppliers and government grant receivables*
** *Excluded GST payables and deferred income*

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	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 2019							
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*	–	73,210	73,210				
Amount due from related parties	–	33,319	33,319				
Cash and cash equivalents	–	55,539	55,539				
	–	162,068	162,068				
Financial liabilities not measured at fair value							
Amounts due to related parties	–	(15,697)	(15,697)				
Trade and other payables**	–	(186,467)	(186,467)				
Loans and borrowings	–	(91,266)	(91,266)	–	(87,565)	–	(87,565)
	–	(293,430)	(293,430)				

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

** *Excluded GST payables*

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	Carrying amount	
	Amortised cost $'000	Total $'000
Company		
31 December 2020		
Financial assets not measured at fair value		
Trade and other receivables	363	363
Amount due from related parties	104,436	104,436
Cash and cash equivalents	101	101
	104,900	104,900
Financial liabilities not measured at fair value		
Amounts due to related parties	(60,968)	(60,968)
Trade and other payables	(219)	(219)
	(61,187)	(61,187)
31 December 2019		
Financial assets not measured at fair value		
Trade and other receivables	7	7
Amount due from related parties	104,436	104,436
Cash and cash equivalents	85	85
	104,528	104,528
Financial liabilities not measured at fair value		
Amounts due to related parties	(59,326)	(59,326)
Trade and other payables	(936)	(936)
	(60,262)	(60,262)

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.
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 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.

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(ii) Transfers between Level 1 and 2

There were no transfers between Level 1 and 2 in 2020 and 2019.

(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 2019	534
Total unrealised gains and losses for the period included in other comprehensive income	
– net change in fair value of FVOCI financial assets	209
At 31 December 2019	743
At 1 January 2020 and 31 December 2020	**743**

Sensitivity analysis

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2020 and 2019 are insignificant.

36 NON-CONTROLLING INTERESTS

The following subsidiaries have material NCI.

Name	Operating segment	Principal places of business/ Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Steeltech Industries Pte. Ltd. ("Steeltech")	Engineering solutions	Singapore	29	29
Tianjin Tianmen Jinwan Property Development Co., Ltd. ("Jinwan")	Property development	PRC	50	50
Tianjin Zizhulin Investment Co., Ltd ("Chuang Zhan")	Property development	PRC	34	34
Cangzhou Huashi Property Development Co., Ltd ("Cangzhou Huashi")	Property development	PRC	59	59
Guangang	Property development	PRC	17	17
Tianjin Zizhulin Development Co., Ltd.	Property development	PRC	20	20

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Tianjin Zizhulin Development Co., Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2020									
Revenue	11,221	–	–	1,683	35,563	–			
Profit/(Loss)	(4,140)	(692)	529	305	(8,998)	8,697			
OCI	–	1,120	2,026	103	3,198	1,482			
Total comprehensive income	(4,140)	428	2,555	408	(5,800)	10,179			
Attributable to NCI:									
– Profit/(Loss)	(1,201)	(346)	180	180	(1,530)	1,739	(29)	(1,909)	(2,916)
– OCI	–	560	689	61	544	296	(75)	(959)	1,116
– Total comprehensive income	(1,201)	214	869	241	(986)	2,035	(104)	(2,868)	(1,800)
Non-current assets	7,838	–	48,499	–	207	33,590			
Current assets	21,021	10,332	13,790	1,330	176,299	26,513			
Non-current liabilities	(3,381)	(166)	–	–	–	–			
Current liabilities	(13,017)	(9,441)	(20,134)	(762)	(118,012)	(22,465)			
Net assets	12,461	725	42,155	568	58,494	37,638			
Net assets attributable to NCI	3,614	362	14,333	335	9,944	7,528	(1,242)	(30,038)	4,836
Cash flows from operating activities	1,697	(6)	(553)	810	3,234	(129)			
Cash flows from investing activities	(2)	(344)	1,527	(597)	(996)	(63)			
Cash flows from financing activities	(1,219)	–	(1,005)	(804)	(3,088)	496			
Net (decrease)/increase in cash and cash equivalents	476	(350)	(31)	(591)	(850)	304			

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	Steeltech $'000	Jinwan $'000	Chuang Zhan $'000	Cangzhou Huashi $'000	Guangang $'000	Tianjin Zizhulin Development Co., Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2019									
Revenue	27,598	–	–	1,189	4,752	–			
Profit/(Loss)	799	10	(126)	348	(3,619)	(378)			
OCI	–	(640)	(1,149)	(77)	(1,885)	(798)			
Total comprehensive income	799	(630)	(1,275)	271	(5,504)	(1,176)			
Attributable to NCI:									
– Profit/(Loss)	232	5	(43)	205	(615)	(76)	(16)	(247)	(555)
– OCI	–	(320)	(391)	(45)	(320)	(160)	16	(323)	(1,543)
– Total comprehensive income	232	(315)	(434)	160	(935)	(235)	(1)	(570)	(2,098)
Non-current assets	7,609	–	46,599	6	180	32,848			
Current assets	19,813	42,674	13,114	2,585	191,847	35,224			
Non-current liabilities	(3,822)	(158)	–	–	–	–			
Current liabilities	(7,114)	(20,442)	(20,112)	(625)	(127,732)	(40,614)			
Net assets	16,486	22,074	39,601	1,966	64,295	27,458			
Net assets attributable to NCI	4,781	11,037	13,464	1,160	10,930	5,492	(1,139)	(26,770)	18,955
Cash flows from operating activities	(8,785)	(199)	(339)	913	(995)	(142)			
Cash flows from investing activities	(102)	–	5,249	3	43	–			
Cash flows from financing activities	5,202	200	(5,158)	(593)	(4,222)	281			
Net (decrease)/increase in cash and cash equivalents	(3,685)	1	(248)	323	(5,174)	139			

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37 ACQUISITION/DISPOSAL OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Acquisition of subsidiaries

(i) Acquisition of Kinsbina Sdn Bhd ("Kinsbina")

On 4 May 2020, the Group acquired 100% shares in Kinsbina for a consideration of approximately of $9,813,000 (Ringgit Malaysia 29,920,000). Kinsbina's principal activities relate to properties investment and owns two vacant plots of freehold land located in Malaysia.

The acquisition was accounted for as an acquisition of assets.

The fair value of identifiable assets of Kinsbina and the cash flow effect of the acquisition is as follow:

	Note	2020 $'000
Property, plant and equipment	4	**9,813**
Cash and cash equivalents		*****
Trade and other payables		*****
Total identifiable net assets at fair value		**9,813**

Effect of the acquisition on cash flows

	2020 $'000
Cash paid	**2,903**
Proceeds from bank loan	**6,910**
Less: cash at bank of subsidiary acquired	*****
Net cash flow on acquisition	**9,813**

* *Less than $1,000*

(ii) Acquisition of Geostr-RV Pte. Ltd. and its subsidiaries ("GRV")

On 5 August 2019, the Group acquired additional 56% equity interest in GRV for a cash consideration of $1. After the acquisition, the Group's equity interest in GRV increased from 44% to 100% and GRV became the wholly owned subsidiaries of the Group.

GRV's principal activities relate to distribution of pre-cast tunnel segments. The full ownership of GRV enables the Group to extend footprint in the manufacturing and distribution of precast tunnel. This also allows the Group to strengthen the Group's technical competencies and reinforce the reputation as a one-stop engineering solution provider in the market.

For the five months ended 31 December 2019, GRV contributed revenue of $1,228,000 and loss of $1,463,000 to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been $406,648,000 and consolidated total profit for the year would have been $7,114,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

Consideration transferred

	2019 $'000
Purchase consideration – cash	*

* *Less than $1,000*

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2019 $'000
Property, plant and equipment	4	106
Right-of-use assets	7	548
Contract assets	15	2,133
Inventories		1,347
Trade and other receivables		1,893
Cash and cash equivalents		3,046
Loans and borrowings		(651)
Deferred tax liabilities	12	(189)
Trade and other payables		(3,638)
Fair value of identifiable net assets acquired		4,595

The fair value of the trade receivables amounts to $1,119,000. The gross amount of trade receivables is $1,119,000 and it is expected that the full contractual amounts can be collected.

Acquisition-related costs

The Group incurred acquisition-related costs of $4,000 mainly related to external professional fees. These costs have been recognised in the 'Other Expenses' line item in the Group's profit and loss for the year ended 31 December 2019.

Gain on bargain purchase

Gain on bargain purchase arising from the acquisition has been recognised as follows:

	Note	2019 $'000
Consideration transferred – cash		*
Fair value of pre-existing interest in the acquiree	9	2,022
Fair value of identifiable net assets		(4,595)
Gain on bargain purchase	25(a)	(2,573)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

The acquisition resulted in a gain on bargain purchase of $2,573,000 because the fair value of assets acquired and liabilities assumed exceeded the consideration transferred. The gain on bargain purchase has been recognised in the "other income" line item in the Group's profit and loss for the year ended 31 December 2019.

Cash flows relating to the acquisition

	2019 $'000
Consideration transferred – cash	*
Less: Cash acquired	3,046
Net cash inflow	3,046

* *Less than $1,000*

(b) Acquisitions of non-controlling interests

In 2019, the Group, through its wholly owned subsidiary Chang De Investment Private Limited and effectively 66% owned subsidiary Tianjin Zizhulin Investment Co., Ltd ("Chuang Zhan"), acquired an additional interest of 14% in Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang") for consideration of RMB96,000,000 (equivalent to $18,767,000).

Following the acquisition, the Group's effective interest in Guangang increased from 69.0% to 83.0%. The carrying amount of Guangang's net assets in the Group's consolidated financial statements was $60,240,000 on the date of last acquisition. The Group recognised a decrease in carrying amount of NCI acquired of $11,515,000 and a decrease in capital reserve of $7,252,000.

	Group 2019 $'000
Carrying amount of NCI acquired	11,515
Consideration attributable to NCI	(18,767)
Decrease in equity attributable to owners of the Company	(7,252)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

(c) **Disposal of subsidiaries**

In 2019, the Group disposed of its 55% equity interest in Jiangsu Huiyang Construction Development Co. Ltd and its subsidiary for a cash consideration of RMB67,000,000 (approximately $13,202,000). The transaction was completed during the year.

The disposed subsidiaries contributed to a net loss of $172,308 to the Group from 1 January 2019 to the date of disposal.

The total effect of the disposal in subsidiaries on the cash flows of the Group was as follow:

	Note	2019 $'000
Property, plant and equipment	4	39
Investment properties	6	11,827
Deferred tax assets	12	196
Trade and other receivables		339
Cash and cash equivalents		674
Trade and other payables		(1,542)
Contract liabilities	15	(229)
Current tax payable		(1,212)
Non-controlling interest		(4,541)
Net assets on disposal		5,551
Realisation of foreign currency translation reserves		268
Gain on disposal of subsidiaries	25(a)	7,383
Sales consideration		13,202
Cash of subsidiaries disposed		(674)
Cash inflow on disposal of subsidiaries		12,528

The gain on disposal in subsidiaries has been recognised in the "Other income" line item in the Group's profit and loss for the year ended 31 December 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2021

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO.OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	18	1.24	273	0.00
100 – 1,000	80	5.51	50,390	0.01
1,001 – 10,000	453	31.20	2,797,252	0.63
10,001 – 1,000,000	879	60.54	67,611,834	15.32
1,000,001 AND ABOVE	22	1.51	370,959,800	84.04
TOTAL	**1,452**	**100.00**	**441,419,549**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TIONG SENG SHAREHOLDINGS PTE. LTD.	225,397,960	51.06
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	45,800,000	10.38
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	33,411,020	7.57
4	WAN SENG ENTERPRISES PTE LTD	12,732,390	2.88
5	OCBC SECURITIES PRIVATE LIMITED	9,825,600	2.23
6	SHINGDA CONSTRUCTION PTE LTD	6,696,950	1.52
7	DBS NOMINEES (PRIVATE) LIMITED	6,648,039	1.51
8	PEK AH TUAN	3,604,920	0.82
9	RAFFLES NOMINEES (PTE.) LIMITED	3,078,971	0.70
10	PAY KIAN MENG GILBERT	2,702,000	0.61
11	LEE KENG LAN	2,654,000	0.60
12	LEE KHAR HOON	2,650,000	0.60
13	ANG JUI KHOON	2,479,300	0.56
14	PHILLIP SECURITIES PTE LTD	1,713,150	0.39
15	LEE HONG CHUAN	1,650,000	0.37
16	UOB KAY HIAN PRIVATE LIMITED	1,639,100	0.37
17	ESTATE OF LIM KIM ENG, DECEASED	1,582,350	0.36
18	ONG GEOK TOE	1,504,900	0.34
19	ANDREW KHNG	1,464,650	0.33
20	HENG SIEW ENG	1,374,500	0.31
	TOTAL	**368,609,800**	**83.51**

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2021

SHAREHOLDERS' INFORMATION AS AT 17 MARCH 2021

Class of shares	:	Ordinary shares
Number of Shares issued (excluding Treasury Shares)	:	441,419,549
Voting rights (excluding Treasury Shares)	:	On a poll – One vote per share
Treasury Shares	:	18,204,300*
Subsidiary Holdings	:	Nil

* As at 17 March 2021, the Company held 18,204,300 treasury shares which represents 4.12% of the total number of issued shares of the Company (excluding treasury shares).

	Direct		Deemed	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Tiong Seng Shareholdings Pte Ltd[1]	271,197,960	61.4	–	–
Peck Tiong Choon (Private) Limited[2]	32,261,520	7.3	271,197,960	61.4
Pek Ah Tuan[3]	3,604,920	0.8	32,261,520	7.3
Lee It Hoe[4]	–	–	286,275,330	64.9

Notes:

(1) 45,800,000 out of 271,197,960 Shares of Tiong Seng Shareholdings Pte Ltd ("TSS") are registered in the name of Maybank Nominees (Singapore) Private Limited.

(2) Peck Tiong Choon (Private) Limited ("PTC") holds approximately 47.8% of the shares in TSS and is therefore deemed interested in the shares held by TSS pursuant to Section 7 of the Companies Act and Section 4 of the Securities and Futures Act ("SFA").

The 32,261,520 Shares of PTC are registered in the name of United Overseas Bank Nominees Pte Ltd.

(3) The estate of Pek Ah Tuan, together with the associates of the late Pek Ah Tuan, collectively hold approximately 33.6% of the shares in PTC and is therefore deemed interested in the shares held by PTC pursuant to Section 7 of the Companies Act and Section 4 of the SFA.

(4) Lee It Hoe is deemed interested in the shares held by his associate, namely, his brother, Lee Yew Sim (762,630 Shares). Lee It Hoe is also deemed interested in the Shares held by him on trust for the estate of his mother, Lim Kim Eng (1,582,350 Shares), and the 12,732,390 Shares held by Wan Seng Enterprises (Private) Limited ("**Wan Seng**") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their shares in Wan Seng. In addition, Lee It Hoe is deemed interested in the shares held by TSS as his associates are collectively entitled to exercise control of approximately 22.7% of the Shares in TSS.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Approximately 26.4% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

INSTRUCTIONS TO SHAREHOLDERS FOR AGM IN 2021

1. **INTRODUCTION**

The Board of Directors (the "Board") of Tiong Seng Holdings Limited (the "Company") refers to:

(a) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;

(b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") which sets out the alternative arrangements in respect of, inter alia, general meetings of companies; and

(c) the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020 and 1 October 2020) which provides guidance on the conduct of general meetings amid the evolving COVID-19 situation during the period from 27 March 2020 to 30 June 2021.

2. **DATE OF ANNUAL GENERAL MEETING ("AGM")**

The Board wishes to inform shareholders that the AGM will be held by way of electronic means on 22 April 2021 at 9.30 a.m. (Singapore time). The physical location for the AGM is purely to facilitate the conduct of the AGM by way of electronic means.

The Company has on today uploaded the following documents in connection with the AGM on SGXNET and the corporate website at http://investors.tiongseng.com.sg/newsroom-0:

(a) the notice of the AGM dated 7 April 2021 (the "**Notice of AGM**");

(b) the proxy form;

(c) Annual Report 2020; and

(d) Appendix to the Notice of AGM in relation to:

 (i) The proposed renewal of the share buy-back mandate; and

 (ii) The proposed renewal of the interested person transactions mandate

No printed copies of the above documents **will be despatched to shareholders**.

3. **ALTERNATIVE ARRANGEMENTS FOR AGM**

(a) No physical attendance

No physical attendance at AGM. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

(i) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio only stream. Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraph 3(b) below:

INSTRUCTIONS TO SHAREHOLDERS FOR AGM IN 2021

(ii) submitting questions in advance of the AGM. Please refer to paragraph 3(c) below for further details; and

(iii) appointing the chairman of the meeting of the Company (the "Chairman of the Meeting") as proxy to attend, speak and vote on their behalf at the AGM. Please refer to paragraph 3(d) for further details.

(b) "Live" audio-visual webcast and "live" audio-only stream

The AGM proceedings will be conducted via electronic means. Shareholders will be able to (i) observe these proceedings through a "live" audio-visual webcast via their mobile phones, tablets or computers, or (ii) listen to these proceedings through a "live" audio-only stream via telephone. In order to do the above, shareholders will have to follow these steps:

(i) Shareholders who wish to observe or listen to the "live" audio-visual webcast or "live" audio-only stream must pre-register via the following link: https://forms.gle/GyA31EVqTtZuT6Q48 ("**Pre-registration Website**"), no later than 9.30 a.m. on 19 April 2021 ("**the Registration Deadline**").

Authenticated shareholders will receive an email containing a unique link to access the live audio-visual webcast via zoom application or their web browser. In the unlikely event that the link provided does not work, shareholders can access the live audio-visual webcast by way of entering the webinar ID and password in the Zoom platform. The webinar ID and password will be provided within the same email.

As an alternate option, shareholders are also given a telephone number with webinar ID and password to access the live audio-only stream of the AGM proceedings.

(ii) Shareholders who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 9.30 a.m. on 21 April 2021 should contact Easy Video via email at shaun@easyvideo.sg.

Shareholders MUST NOT forward the unique link to other persons who are not Shareholders and who are not entitled to attend the AGM.

(c) Submission of questions

Shareholders may also submit questions related to the resolutions to be tabled for approval at the AGM.

All questions must be submitted no later than 9.30 a.m. on 19 April 2021 (the "**Submission Deadline**") either (i) via the pre-registration website at https://forms.gle/GyA31EVqTtZuT6Q48; (ii) electronically to agm@tiongseng.com.sg; or (iii) by mail to 21 Fan Yoong Road, Singapore 629796.

The Company will endeavour to address substantial and relevant questions relating to the resolutions to be tabled for approval either via SGXNET before the AGM or at the AGM.

Please note that shareholders will not be able to ask questions at the AGM and accordingly, it is important for shareholders to submit their questions by the Submission Deadline.

(d) Voting by proxy

Shareholders will not be able to vote online at the AGM. Instead, if shareholders (whether individuals or corporates) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf.

Shareholders (whether individuals or corporates) appointing the Chairman of the Meeting as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

INSTRUCTIONS TO SHAREHOLDERS FOR AGM IN 2021

The proxy form must be submitted to the Company no later than 9.30 a.m. on 20 April 2021 through any one of the following means:

(i) by depositing a physical copy at the registered office of the Company's address, at 21 Fan Yoong Road, Singapore 629796; or

(ii) by sending a copy by email to agm@tiongseng.com.sg.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Shareholders who hold their shares through relevant intermediaries[1] (including CPFIS Members or SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days prior to the date of the AGM.

In summary, the key dates/deadlines which shareholders should take notes of are set out in the table below:

Key Dates	Actions
From 7 April 2021 (Wednesday)	Shareholders may begin to: (i) pre-register at https://forms.gle/GyA31EVqTtZuT6Q48 for the live audio-visual webcast or live audio-only stream of the AGM proceedings; (ii) submit their questions (if any) either at https://forms.gle/GyA31EVqTtZuT6Q48; electronically to agm@tiongseng.com.sg ; or by mail to 21 Fan Yoong Road, Singapore 629796; and (iii) submit their proxy form either electronically to agm@tiongseng.com.sg or by mail to 21 Fan Yoong Road, Singapore 629796.
5.00 p.m. on 12 April 2021 (Monday)	Deadline for CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
9.30 a.m. 19 April 2021 (Monday)	Deadline for shareholders to: (i) pre-register for the live audio-visual webcast or live audio-only stream of the AGM proceedings; and (ii) submit questions in advance
9.30 a.m. 20 April 2021 (Tuesday)	Deadline for shareholders to submit proxy forms.

INSTRUCTIONS TO SHAREHOLDERS FOR AGM IN 2021

Key Dates	Actions
9.30 a.m. 21 April 2020 (Wednesday)	Authenticated shareholders will receive an email containing a unique link to access the live audio-visual webcast via zoom application or their web browser. In the unlikely event that the link provided does not work, shareholders can access the live audio-visual webcast by way of entering the webinar ID and password in the Zoom platform. The webinar ID and password will be provided within the same email. As an alternate option, shareholders are also given a telephone number with webinar ID and password to access the live audio-only stream of the AGM proceedings. (the "Confirmation Email"). Shareholders who do not receive the Confirmation Email by 9.30 a.m. on 21 April 2021, but have registered by 9.30 a.m. on 19 April 2021 deadline should contact EasyVideo via email at shaun@easyvideo.sg.
Date and time of AGM – 22 April 2021 at 9.30 a.m. (Singapore time) (Thursday)	(i) Click on the unique link in the Confirmation Email to access the live audio-visual webcast via zoom application or web browser; or (ii) Call the telephone number and enter the webinar ID and password in the Confirmation Email to access the live audio-only stream of the AGM proceedings.

As the COVID-19 situation is still evolving, the Company has to implement measures to take into account the requirements, guidelines and recommendations of regulatory bodies and government agencies from time to time. Accordingly, the Company may be required to change its AGM arrangements at short notice.

Shareholders are advised to closely monitor announcements made by the Company on SGXNET.

The Company seeks the understanding and co-operation of all shareholders in enabling the Company to hold and conduct the AGM in compliance with the necessary safety measures amidst the current COVID-19 pandemic.

[1] A relevant intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Chapter 289 of Singapore) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

TIONGSENG GROUP 长成控股

TIONG SENG HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 200807295Z)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TIONG SENG HOLDINGS LIMITED (the "**Company**") will be held by way of electronic means on Thursday, 22 April 2021 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a first and final dividend of 0.25 cents per ordinary share (one-tier tax exempt) for the year ended 31 December 2020 (2019: 0.5 cents per ordinary share).

(Resolution 2)

3. To re-elect Mr Lee It Hoe retiring by rotation pursuant to Regulation 89 of the Company's Constitution:

(Resolution 3)

Mr Lee It Hoe will, upon re-election as a Director of the Company, remain as Non-Executive Director and a member of Audit Committee and Remuneration Committee respectively, and will be considered non-independent.

4. To re-elect Dr Teo Ho Pin retiring by rotation pursuant to Regulation 88 of the Company's Constitution:

(Resolution 4)

Dr Teo Ho Pin will, upon re-election as Director of the Company, remain as Independent Non-Executive Director and a member of Audit Committee. Dr Teo Ho Pin is considered independent by the board of directors of the Company for the purposes of Rule 704(8) of the Listing Manual. There are no relationships including family relationships between Dr Teo Ho Pin and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

5. To approve the payment of Directors' fees amounting to S$300,000/- for the year ending 31 December 2021, to be paid in arrears (2020: S$300,000/-).

(Resolution 5)

6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

7. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **RE-APPOINTMENT OF MR ONG LAY KHIAM AS INDEPENDENT NON-EXECUTIVE DIRECTOR IN ACCORDANCE WITH RULE 210(5)(d)(iii)(A) OF THE LISTING MANUAL**

That, subject and contingent upon the passing of Resolution 8, (a) the continued appointment of Mr Ong Lay Khiam as an Independent Non-Executive Director, by shareholders in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ong Lay Khiam as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note (i)]

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

9. **RE-APPOINTMENT OF MR ONG LAY KHIAM AS INDEPENDENT NON-EXECUTIVE DIRECTOR IN ACCORDANCE WITH RULE 201(5)(d)(iii)(B) OF THE LISTING MANUAL**

That, subject and contingent upon the passing of Resolution 7, (a) the continued appointment of Mr Ong Lay Khiam as an Independent Non-Executive Director, by shareholders (excluding directors, the chief executive officer, and their respective associates) in accordance with Rule 201(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ong Lay Khiam as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note (i)]

(Resolution 8)

10. **RE-APPOINTMENT OF MR ANG PENG KOON, PATRICK AS INDEPENDENT NON-EXECUTIVE DIRECTOR IN ACCORDANCE WITH RULE 210(5)(d)(iii)(A) OF THE LISTING MANUAL**

That, subject and contingent upon the passing of Resolution 10, (a) the continued appointment of Mr Ang Peng Koon, Patrick as an Independent Non-Executive Director, by shareholders in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ang Peng Koon, Patrick as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note (ii)]

(Resolution 9)

11. **RE-APPOINTMENT OF MR ANG PENG KOON, PATRICK AS INDEPENDENT NON-EXECUTIVE DIRECTOR IN ACCORDANCE WITH RULE 201(5)(d)(iii)(B) OF THE LISTING MANUAL**

That, subject and contingent upon the passing of Resolution 9, (a) the continued appointment of Mr Ang Peng Koon, Patrick as an Independent Non-Executive Director, by shareholders (excluding directors, the chief executive officer, and their respective associates) in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ang Peng Koon, Patrick as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note (ii)]

(Resolution 10)

12. **AUTHORITY TO ISSUE SHARES**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities;

   (ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)]

(Resolution 11)

13. **RENEWAL OF THE SHARE BUY-BACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

   (i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-Back**") and/or

   (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (the "**Off-Market Share Buy-Back**"),

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the proposed renewal of the Share Buy-Back Mandate is approved, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, or until it is varied or revoked by the Company in general meeting, after the date of the passing of this resolution (whichever is the earliest); and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, stamp duties, clearing fees, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a On-Market Share Buy-Back, 105% of the Average Closing Market Price of the Shares; and

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Market Price of the Shares,

where:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.
[See Explanatory Note (iv)]

(Resolution 12)

NOTICE OF ANNUAL GENERAL MEETING

14. **RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be entities at risk under Chapter 9 of the Listing Manual of the SGX-ST, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in section 3 of the appendix to this Notice of Annual General Meeting (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate
[See Explanatory Note (v)]

(Resolution 13)

By Order of the Board

Lai Foon Kuen
Company Secretary

Singapore, 7 April 2021

Explanatory Notes on Resolutions to be passed:

(i) In respect of Mainboard Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independent designation of a Director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Ong Lay Khiam's continued appointment as an Independent Director prior to 1 January 2022, as he has served for more than 9 years on the Board of the Company. Mainboard Rule 210(5)(d)(iii) (which will take effect from 1 January 2022) provides that continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding the Directors, Chief Executive Officer, and their associates.

If Resolution 7 and/or Resolution 8 is/are carried, Mr Ong Lay Khiam will remain as Independent Director until the earlier of his retirement or resignation as a Director or at the conclusion of the AGM to be held in 2024. Mr Ong Lay Khiam will also remain as Chairman of the Board, Chairman of the Audit Committee, member of the Remuneration Committee and member of the Nominating Committee and will be considered independent for the purposes of Mainboard Rule 704(8) of the Listing Manual.

If Resolution 7 and/or Resolution 8 is/are not carried, Mr Ong Lay Khiam will remain as Independent Director, Chairman of the Board, Chairman of the Audit Committee, member of the Remuneration Committee and member of the Nominating Committee up to and including 31 December 2021 and shall thereafter be redesignated as Non-Executive and Non-Independent Director as of and from 1 January 2022. Mainboard Rule 210(5)(c) provides that independent directors must comprise at least one-third of the company's board and will come into effect from 1 January 2022. As such, if Mr Ong Lay Khiam is to be re-designated as Non-Executive and Non-Independent Director as of and from 1 January 2022, the Company will take the appropriate steps to appoint new independent director(s) prior to 1 January 2022 in compliance with Mainboard Rule 210(5)(c).

(ii) In respect of Mainboard Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independent designation of a Director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Ang Peng Koon, Patrick's continued appointment as an Independent Director prior to 1 January 2022, as he has served for more than 9 years on the Board of the Company. Mainboard Rule 210(5)(d)(iii) (which will take effect from 1 January 2022) provides that continued appointment as Independent Director, after an aggregate period of more than 9 years on the Board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding the Directors, Chief Executive Officer, and their associates.

If Resolution 9 and/or Resolution 10 is/are carried, Mr Ang Peng Koon, Patrick will remain as Independent Director until the earlier of his retirement or resignation as a Director or at the conclusion of the AGM to be held in 2024. Mr Ang Peng Koon, Patrick will also remain as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purposes of Mainboard Rule 704(8) of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

If Resolution 9 and/or Resolution 10 is/are not carried, Mr Ang Peng Koon, Patrick will remain as Independent Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee up to and including 31 December 2021 and shall thereafter be redesignated as Non-Executive and Non-Independent Director as of and from 1 January 2022. Mainboard Rule 210(5)(c) provides that independent directors must comprise at least one-third of the company's board and will come into effect from 1 January 2022. As such, if Mr Ang Peng Koon, Patrick is to be re-designated as Non-Executive and Non-Independent Director as of and from 1 January 2022, the Company will take the appropriate steps to appoint new independent director(s) prior to 1 January 2022 in compliance with Mainboard Rule 210(5)(c).

(iii) Ordinary Resolution 11, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) Ordinary Resolution 12, if passed, will empower the Directors, from the date of the above Meeting until the next Annual General Meeting is held or is required by law to be held, or until it is varied or revoked by the Company in general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to this Notice of Annual General Meeting, the Act and the Listing Manual of the SGX-ST. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

(v) Ordinary Resolution 13, if passed, renew the general mandate approved by the Shareholders of the Company on 19 June 2020 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual, and which is proposed to be renewed in the manner and on the terms set out in the Appendix. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM (the "**Meeting or AGM**") of the Company will be held by way of electronic means and members of the Company will be unable to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the SGXNET and the Company's corporate website at www.tiongseng.com.sg/.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Instructions to Shareholders for AGM in 2021".

3. A member will not be able to attend the Meeting. The live webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy (the "**Proxy Form**"), failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. Investors whose shares are held with relevant intermediaries under Section 181(1C) of the Companies Act, Chapter 50 of Singapore, such as CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as CPF Agent Banks or SRS Operators.

6. The Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company at 21 Fan Yoong Road, Tiong Seng Building, Singapore 629796; or (b) by sending a scanned PDF copy by email to agm@tiongseng.com.sg. in each case, not less than 48 hours before the time fixed for holding the Meeting, and failing which, the Proxy Form will not be treated as valid. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.**

7. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) which was delivered by a member to the Company before 9.30 a.m. on 20 April 2021 as a valid instrument appointing the Chairman of the Meeting as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment.

8. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the Meeting as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

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TIONG SENG HOLDINGS LIMITED
(Incorporated In the Republic of Singapore)
(Co. Reg. No: 200807295Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("AGM") will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Alternative Arrangement Order**").
.2. Alternative arrangements relating to attendance at the AGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying document entitled "Instructions to Shareholders for AGM in 2021".
3. A member will not be able to attend the AGM in person. For investors who have used their CPF monies to buy the Shares, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
4 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ________________________ NRIC/Passport/Company Registration Number ______________

of ____

being a member/members of **Tiong Seng Holdings Limited** (the "**Company**"), hereby appoint:

the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by electronic means on Thursday, 22 April 2021 at 9.30 a.m. and at any adjournment thereof.

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and audited financial statements for the year ended 31 December 2020			
2	Payment of proposed first and final dividend			
3	Re-election of Mr Lee It Hoe as Director			
4	Re-election of Dr Teo Ho Pin as Director			
5	Approval of Directors' fees amounting to S$300,000/- for the year ending 31 December 2021			
6	Re-appointment of KPMG LLP as Auditors			
7	Approval of Mr Ong Lay Khiam's continued appointment as Independent Non-Executive Director by shareholders			
8	Approval of Mr Ong Lay Khiam's continued appointment as Independent Non-Executive Director by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
9	Approval of Mr Ang Peng Koon, Patrick's continued appointment as Independent Non-Executive Director by shareholders			
10	Approval of Mr Ang Peng Koon, Patrick's continued appointment as Independent Non-Executive Director by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
11	Authority to Issue Shares			
12	Renewal of the Share Buy-Back Mandate			
13	Renewal of the Interested Person Transactions Mandate			

* *If you wish to exercise all your votes, please indicate your vote "For" or "Against" or "Abstain" with a "√" within the boxes provided. Alternatively, if you wish to exercise some and not all of your votes "For" and Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number 'Abstain" in the boxes provided for the resolutions.*

* *Delete where inapplicable*

Dated this __________ day of __________________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the register of Shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

2. In line with the Alternative Arrangements Order, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The proxy form may be accessed on the SGXNET and the Company's Corporate website at http://investors.tiongseng.com.sg/newsroom-0.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. This instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent personally or by post, be lodged at the office of the Company at 21 Fan Yoong Road, Tiong Seng Building, Singapore 629796; or

   (b) if submitted by email, be received by the Company at agm@tiongseng.com.sg,

   in either case, by 9.30 a.m. on 20 April 2021 (being not less than 48 hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

5. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), who is either:

   (a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased on behalf of CPF investors.

   Investors whose shares are held with relevant intermediaries including CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as CPF Agent Banks or SRS Operators.

6. The instrument appointing the Chairman of the Meeting must be under the hand of the appointor or of his attorney duly authorised in writing or where it is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

TIONGSENG GROUP 长成控股

TIONG SENG HOLDINGS LIMITED
(Incorporated in the Republic of Singapore on 15 April 2008)
(Company Registration No. 200807295Z)

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