CHIP ENG SENG CORPORATION LTD.

Condensed interim financial statements
for the six months and full year ended 31 December 2021

Contents

Condensed interim financial statements for the six months ended and full year ended 31 December 2021

A (i) Condensed interim consolidated income statement

	Note	Group 2H2021 $'000	Group 2H2020 $'000	+/(-) %	Group FY2021 $'000	Group FY2020 $'000	+/(-) %
Revenue							
- Property development		229,027	266,902	(14.2)	648,112	464,169	39.6
- Construction		214,851	86,253	149.1	379,495	144,592	162.5
- Hospitality		27,276	14,674	85.9	46,058	34,634	33.0
- Education		19,416	14,467	34.2	36,698	25,938	41.5
- Property investment & others		2,408	2,366	1.8	5,036	5,300	(5.0)
		492,978	384,662	28.2	1,115,399	674,633	65.3
Cost of sales		(432,191)	(353,781)	22.2	(976,178)	(609,393)	60.2
Gross profit		60,787	30,881	96.8	139,221	65,240	113.4
Other (losses)/gains net and other income	1	(11,264)	(13,122)	(14.2)	(5,338)	1,789	NM
Expenses							
Marketing and distribution expenses	2	(2,770)	(3,240)	(14.5)	(5,739)	(9,666)	(40.6)
Administrative expenses	3	(54,216)	(47,042)	15.3	(102,383)	(93,914)	9.0
Finance costs	4	(14,986)	(17,106)	(12.4)	(30,655)	(39,370)	(22.1)
Share of results of associates and joint ventures	5	(1,058)	(2,533)	(58.2)	(7,716)	(1,480)	421.4
Loss before tax		(23,507)	(52,162)	(54.9)	(12,610)	(77,401)	(83.7)
Income tax expense	6	(7,302)	(650)	1,023.4	(9,020)	(1,089)	728.3
Loss after tax		(30,809)	(52,812)	(41.7)	(21,630)	(78,490)	(72.4)
Loss attributable to:							
Owners of the Company		(31,585)	(56,658)	(44.3)	(31,486)	(81,067)	(61.2)
Non-controlling interests		776	3,846	(79.8)	9,856	2,577	282.5
		(30,809)	(52,812)	(41.7)	(21,630)	(78,490)	(72.4)
Loss per share attributable to owners of the Company (cents per share)							
Basic		(4.03)	(7.24)		(4.02)	(10.35)	
Diluted		(4.03)	(7.24)		(4.02)	(10.35)	

Note:-
NM - Not meaningful.

Notes to condensed interim consolidated income statement

1 Please refer to Note 6 of Section E for further breakdown.

2 The decrease in marketing and distribution expenses in FY2021 was mainly due to lower marketing expenses incurred on Kopar at Newton.

3 The increase in administrative expenses in FY2021 and 2H2021 was mainly due to higher payroll, depreciation and amortisation expenses.

4 The decrease in finance costs in FY2021 and 2H2021 was in line with lower borrowings and interest rates.

5 Higher share of losses from associates and joint ventures in FY2021 was mainly attributable to fair value loss of investment property in Roxy-CES Pty Ltd ("Roxy") as compared to a fair value gain in FY2020, partially offset by lower share of losses from Guangzhou Yuanda Information Development Co. Ltd ("Yuanda") as the investment was impaired in full in December 2021. Lower share of losses from associates and joint ventures in 2H2021 was mainly attributable to lower share of losses from Yuanda, partially offset by fair value loss of investment property in Roxy as compared to a fair value gain in 2H2020.

6 Higher tax expense mainly attributable to profits of profitable entities, partially offset by tax credits from other loss making entities.

A (ii) Condensed interim consolidated statement of comprehensive income

	Group 2H2021 $'000	Group 2H2020 $'000	+/(-) %	Group FY2021 $'000	Group FY2020 $'000	+/(-) %
Loss after tax	(30,809)	(52,812)	(41.7)	(21,630)	(78,490)	(72.4)
Other comprehensive income:						
Items that will not be reclassified to profit or loss						
Share of gain on property revaluation of associate	-	-	NM	218	178	22.5
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences	(1,509)	7,567	NM	(2,427)	9,089	NM
Share of foreign currency translation of associates and joint ventures	(36)	217	NM	(250)	384	NM
	(1,545)	7,784	NM	(2,677)	9,473	NM
Other comprehensive income for the period, net of tax	(1,545)	7,784	NM	(2,459)	9,651	NM
Total comprehensive income for the period	(32,354)	(45,028)	(28.1)	(24,089)	(68,839)	(65.0)
Total comprehensive income attributable to:						
Owners of the Company	(33,116)	(49,393)	(33.0)	(33,582)	(71,848)	(53.3)
Non-controlling interests	762	4,365	(82.5)	9,493	3,009	215.5
	(32,354)	(45,028)	(28.1)	(24,089)	(68,839)	(65.0)

Notes to Condensed interim consolidated statement of comprehensive income

Foreign currency translation differences arises from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Translation loss in 2021 was mainly due to depreciation of Australian dollars against Singapore dollars on the Group's foreign net assets which are largely denominated in Australian dollars.

Note:-

NM - Not meaningful.

B. Condensed interim balance sheets

	Note	The Group 31 Dec 2021 $'000	The Group 31 Dec 2020 $'000	Note	The Company 31 Dec 2021 $'000	The Company 31 Dec 2020 $'000
Non-current assets						
Property, plant and equipment	1	551,603	535,695		1,438	2,166
Investment properties	2	193,434	296,759		-	-
Intangible assets		46,038	49,880		301	363
Investments in subsidiaries		-	-		124,617	124,192
Investments in joint ventures and associates		45,018	39,273		650	650
Deferred tax assets		6,803	5,672		-	-
Trade and other receivables	3	56,994	32,972	13	336,301	289,710
		899,890	960,251		463,307	417,081
Current assets						
Development properties	4	648,284	1,094,181		-	-
Inventories		5,323	2,851		-	-
Prepayments		7,670	5,515		12	77
Trade and other receivables	5	641,403	419,241	13	55,401	86,412
Contract assets	6	63,645	329,211		-	-
Deferred contract costs		20,209	15,121		-	-
Cash and short-term deposits		505,888	374,040		76,556	4,439
		1,892,422	2,240,160		131,969	90,928
Assets held for sale	7	27,042	-		-	-
		1,919,464	2,240,160		131,969	90,928
Total assets		**2,819,354**	**3,200,411**		**595,276**	**508,009**
Current liabilities						
Loans and borrowings	8	500,250	197,608	14	15,000	13,000
Trade and other payables	9	248,008	91,890	15	86,603	28,045
Contract liabilities	10	37,175	59,385		-	-
Provision		8,557	8,098		-	-
Other liabilities	11	124,758	120,491		2,788	2,008
Income tax payable		11,550	12,995		177	586
		930,298	490,467		104,568	43,639
Net current assets		**989,166**	**1,749,693**		**27,401**	**47,289**
Non-current liabilities						
Loans and borrowings	8	956,984	1,600,122	14	-	25,250
Trade and other payables	12	33,208	159,271	15	252,963	253,243
Other liabilities	11	96,826	107,050		70	293
Deferred tax liabilities		22,015	26,216		31	16
		1,109,033	1,892,659		253,064	278,802
Total liabilities		**2,039,331**	**2,383,126**		**357,632**	**322,441**
		780,023	**817,285**		**237,644**	**185,568**
Equity attributable to owners of the Company						
Share capital		175,978	175,978		175,978	175,978
Treasury shares		(28,779)	(29,719)		(28,779)	(29,719)
Retained earnings		623,394	669,361		86,832	34,349
Other reserves		(11,584)	(6,247)		3,613	4,960
		759,009	809,373		237,644	185,568
Non-controlling interests		21,014	7,912		-	-
Total equity		**780,023**	**817,285**		**237,644**	**185,568**

Notes to condensed interim balance sheets

Note

The Group

1 The increase in property, plant and equipment was mainly due to a transfer of $40.4 million from investment property as it was decided that certain units in the investment property were redesignated for own use and additions to right-of-use assets, construction equipment and renovations during the year. The increase is partially offset by depreciation during the year.

2 The decrease in investment properties was mainly due to transfer of certain units in an investment property to 'Property, plant and equipment', disposal of 3 investment properties, transfer of an investment property to 'Assets held for sale' and net fair value loss on investment properties.

3 The increase in non-current trade and other receivables was mainly due to loans extended to the joint ventures for the new Maxwell and Sophia development projects, partially offset by reclassification of loan to a joint venture to investment in joint venture.

4 The decrease in development properties was mainly due to the progressive recognition of development costs for units sold in the Group's development properties in Singapore and disposal of the development property located at Gladstone Street in South Melbourne.

5 The increase in current trade and other receivables was mainly due to progress billings to be received from purchasers of Park Colonial following receipt of its Temporary Occupation Permit ("TOP") in December 2021, partially offset by receipts from purchasers of Grandeur Park Residences during the year.

6 The decrease in contract assets was mainly due to reclassification of contract assets for Park Colonial to trade receivables upon receipt of its TOP in December 2021.

7 During the financial year ended 31 December 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., had entered into a sale and purchase agreement with a 3rd party to sell all of its 100% shares held in Evervit Development Pte Ltd ("EDPL") for S$28 million. EDPL is a property holding company whose main asset is the investment property located at 69 Ubi Crescent Singapore 408561. Accordingly, the asset is reclassified to 'Assets held for sale'.

8 The decrease in total loans and borrowings was mainly due to repayment of bank borrowings for development properties and redemption of $13.0 million term notes upon its maturity, partially offset by issuance of new $48.8 million term notes and drawdowns of new working capital loans.

9 The increase in current trade and other payables was mainly attributable to reclassification of amount due to non-controlling interest of a development project from non-current to current as the project obtained TOP and higher trade and other payables from construction segment.

10 The decrease in contract liabilities was mainly due to the lower progress payments billed as compared to recognition of revenue for work completed in development properties.

11 The increase in current other liabilities and decrease in non-current other liabilities was due to reclassification of lease liabilities from non-current to current. The reduction in total other liabilities was due mainly to lease payments, partially offset by new leases signed and interest accretion during the year.

12 The decrease in non-current trade and other payables is mainly due to reclassification of amount due to non-controlling interest of a development project from non-current to current as the project obtained TOP.

The Company

13 The increase in trade and other receivables was mainly due to write-back of impairment provision in respect of a subsidiary in line with better performance projection, partially offset by net repayment from subsidiaries.

14 The decrease in total loans and borrowings was due to redemption of $13.0 million term notes upon its maturity in June 2021 and exchange of $10.3 million term notes for new notes issued under the Company's subsidiary in December 2021. The balance $15.0 million term notes due for repayment in May 2022 was accordingly reclassified from non-current to current liabilities.

15 The increase in trade and other payables was mainly due to additional loans extended from subsidiaries, partially offset by repayment to subsidiaries.

C. Condensed interim statements of changes in equity

Group	Attributable to owners of the Company									Non-controlling interests	Total equity
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Other reserves $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	$'000	$'000
At 1 January 2021	175,978	(29,719)	(917)	5,877	(8,146)	2,789	(5,850)	669,361	809,373	7,912	817,285
Total comprehensive income for the year	-	-	-	-	-	218	(2,314)	(31,486)	(33,582)	9,493	(24,089)
Dividends paid	-	-	-	-	-	-	-	(15,668)	(15,668)	-	(15,668)
Share-based compensation expenses	-	-	-	780	-	-	-	-	780	-	780
Expiry of share options	-	-	-	(1,187)	-	-	-	1,187	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,415	4,415
Treasury shares reissued pursuant to performance share plan	-	940	(390)	(550)	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(1,894)	-	-	-	(1,894)	(806)	(2,700)
At 31 December 2021	175,978	(28,779)	(1,307)	4,920	(10,040)	3,007	(8,164)	623,394	759,009	21,014	780,023

Group	Attributable to owners of the Company									Non-controlling interests	Total equity
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Other reserves $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	$'000	$'000
At 1 January 2020	175,978	(30,034)	(868)	4,973	(1,245)	2,611	(14,891)	781,745	918,269	29,002	947,271
Total comprehensive income for the year	-	-	-	-	-	178	9,041	(81,067)	(71,848)	3,009	(68,839)
Share buyback	-	(47)	-	-	-	-	-	-	(47)	-	(47)
Dividends paid to shareholders								(31,317)	(31,317)	-	(31,317)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(28,000)	(28,000)
Share-based compensation expenses	-	-	-	1,217	-	-	-	-	1,217	-	1,217
Acquisition of non-controlling interest	-	-	-	-	(2,037)	-	-	-	(2,037)	(963)	(3,000)
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-	-	-	-	-	-
Capital contribution to non-wholly owned subsidiary	-	-	-	-	(4,864)	-	-	-	(4,864)	4,864	-
At 31 December 2020	175,978	(29,719)	(917)	5,877	(8,146)	2,789	(5,850)	669,361	809,373	7,912	817,285

Company	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2021	175,978	(29,719)	(917)	5,877	34,349	185,568
Total comprehensive income for the year	-	-	-	-	66,964	66,964
Dividends paid	-	-	-	-	(15,668)	(15,668)
Share-based compensation expenses	-	-	-	780	-	780
Expiry of share options				(1,187)	1,187	-
Treasury shares reissued pursuant to performance share plan	-	940	(390)	(550)	-	-
At 31 December 2021	175,978	(28,779)	(1,307)	4,920	86,832	237,644

Company	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2020	175,978	(30,034)	(868)	4,973	46,869	196,918
Total comprehensive income for the year	-	-	-	-	18,797	18,797
Share buyback	-	(47)	-	-	-	(47)
Dividends paid to shareholders	-	-	-	-	(31,317)	(31,317)
Share-based compensation expenses	-	-	-	1,217	-	1,217
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-
At 31 December 2020	175,978	(29,719)	(917)	5,877	34,349	185,568

D. Condensed interim consolidated cash flow statement

	Group	
	FY2021	FY2020
	$'000	$'000
Cash flows from operating activities		
Loss before tax	**(12,610)**	**(77,401)**
Adjustments for:		
Interest income	(1,248)	(2,432)
Gain on disposal of property, plant and equipment	(266)	(132)
Gain on disposal of investment properties	(810)	-
Gain on disposal of joint venture	(3,647)	-
Loss on disposal of intangible assets	-	22
Finance costs	30,655	39,370
Property, plant and equipment written off	3,572	6,969
Provision for onerous contract	4,706	7,163
Provision for restructuring costs	1,810	-
Depreciation of property, plant and equipment	41,582	37,422
(Writeback of impairment)/Impairment of property, plant and equipment	(3,808)	5,304
Amortisation of intangible assets	4,962	2,479
Recognition of deferred contract costs	21,229	12,242
Impairment of investments in joint ventures	14,359	-
Net fair value loss on investment properties	6,507	11,043
Fair value loss on investment security	-	2,347
Unrealised exchange differences	1,224	(5,038)
Rent concessions from landlords	(649)	(1,062)
Share of results of associates and joint ventures	7,716	1,480
Impairment loss on trade and other receivables	1,956	2,297
Share-based compensation expenses	780	1,217
Operating profit before changes in working capital	118,020	43,290
Changes in working capital:		
Development properties	443,072	289,665
Deferred contract costs	(26,334)	(12,947)
Inventories	(2,470)	(19)
Prepayments	(2,162)	(681)
Trade and other receivables and contract assets	42,400	(152,575)
Trade and other payables and contract liabilities	11,578	14,614
Other liabilities	(358)	22,190
Cash generated from operations	**583,746**	**203,537**
Interest paid	(32,428)	(43,495)
Interest received	415	1,631
Income taxes paid	(16,421)	(21,367)
Net cash generated from operating activities	**535,312**	**140,306**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,931)	(50,361)
Proceeds from disposal of property, plant and equipment	906	251
Proceeds from disposal of investment properties	32,810	-
Net cash outflow on acquisition of subsidiaries	-	(57)
Return of capital from a joint venture	3,808	-
Additions to intangible assets	(508)	-
Advances to joint ventures	(52,739)	-
Investments in joint ventures	(9,459)	(6,752)
Proceeds from disposal of joint venture	11,052	-
Proceeds from liquidation of an associate	365	-
Additions to investment properties	(2,988)	(911)
Net cash used in investing activities	**(28,684)**	**(57,830)**
Cash flows from financing activities:		
Repayment of loans and borrowings	(450,100)	(132,648)
Proceeds from loans and borrowings	72,852	133,055
Redemption of term notes	(13,000)	-
Proceeds from issuance of term notes	48,750	-
Dividends paid on ordinary shares	(15,668)	(31,317)
Dividends paid to non-controlling interest	-	(28,000)
Decrease in short-term deposits pledged	154	-
Acquisition of non-controlling interests	(2,700)	(3,000)
Contribution from non-controlling interests	450	-
Purchase of treasury shares	-	(47)
Payment of principal portion of lease liabilities	(15,047)	(25,631)
Net cash used in financing activities	**(374,309)**	**(87,588)**
Net increase/(decrease) in cash and cash equivalents	132,319	(5,112)
Effect of exchange rate changes on cash and cash equivalents	(317)	665
Cash and cash equivalents at beginning of the year	369,784	374,231
Cash and cash equivalents at end of the year	**501,786**	**369,784**

	Group	
	FY2021	FY2020
	$'000	$'000
Cash and cash equivalents comprise:		
Short term fixed deposits	240,540	165,772
Cash and bank balances	265,348	208,268
Cash and cash equivalents as shown on balance sheet	505,888	374,040
Less: Deposits pledged as security	(4,102)	(4,256)
	501,786	**369,784**

Net cash generated from operating activities

Higher net cash generated from operating activities in FY2021 was mainly due to higher progressive payments from development properties, mainly from Granduer Park Residences and Park Colonial.

Net cash used in investing activities

Lower net cash used in investing activities in FY2021 was mainly due to proceeds from disposal of investment properties and Cybint and lower purchases of property, plant and equipment, partially offset by loans extended to the joint ventures for the new Maxwell and Sophia development projects.

Net cash used in financing activities

Higher net cash used in financing activities in FY2021 was mainly due to net repayment of loans as compared to net proceeds from loans in FY2020 and redemption of $13.0 million term notes, partially offset by issuance of $48.8 million term notes and lower dividends paid to shareholders and non-controlling interest.

E. Notes to condensed interim financial statements

1 Basis of preparation

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

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 1.1 and the below accounting policy which applies to a new asset class presented on the consolidated balance sheet as at 31 December 2021.

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. The assets are remeasured in accordance with the applicable SFRS(I) immediately before the reclassification as held for sale.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

1.1 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

1.2 Use of judgements and estimates

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

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

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

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the year ended 31 December 2021:

1.2(a) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in proft and loss account, determined annually by independent professional valuers. The Group engaged real estate valuation experts to assess fair value of all investment properties of the Group as at 31 December 2021. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach, capitalisation approach, discounted cash flow approach and residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

The key assumptions used to determine the fair value of the investment properties are disclosed in Note 4.

1.2(b) Impairment of intangible assets and investments in joint ventures

The carrying values of intangible assets are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The recoverable amounts of the cash generating units ("CGU") which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use ("VIU") calculations. The VIU calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Based on the cashflow projections, the VIU of each CGU was higher than the carrying amount of the net assets attributable to each CGU. Accordingly, no impairment was required for the intangible assets as at 31 December 2021.

The investments in certain acquired joint ventures with embedded goodwill and intangible assets within were also subjected to the same impairment assessment. During the year, the Group recognised an impairment loss of $14.4 million in respect of investments in joint ventures. This is mainly attributable to the Group's investment in Guangzhou Yuanda Information Development Co. Ltd ("Yuanda"). The regulatory measures rolled out in the People's Republic of China (the "PRC") targeting the tuition industry in July 2021 have adversely impacted the Group's investment in Yuanda where the VIU of the CGU has been assessed to be below carrying value.

1.2(c) Impairment of hotel assets

The carrying amounts of the Group's hotel assets as at 31 December 2021 are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. In assessing for impairment, the Group has considered the independent valuations as at 31 December 2021. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

During the year, the Group recognised a net write-back of impairment in hotel assets of $3.2 million.

1.2(d) Contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of the project officials.

The carrying amounts of contract assets and contract liabilities are disclosed on balance sheet. If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $10.9 million lower and $4.0 million higher respectively.

1.2(e) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total estimated costs to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

The revenue from sale of development properties (recognised on over time basis) are disclosed in Note 3. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $2.6 million higher and profit before tax would have been $1.6 million lower.

2 Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The construction segment is in the business of general building, infrastructure and civil engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

Business Segments

Year ended 31 December 2021	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Segment revenue							
Total segment sales	648,299	407,014	8,087	46,058	36,698	7,298	1,153,454
Intersegment sales	(187)	(27,519)	(3,061)	-	-	(7,288)	(38,055)
Sales to external customers	648,112	379,495	5,026	46,058	36,698	10	1,115,399
Interest income	455	628	20	5	113	27	1,248
Finance costs	(15,133)	(1,008)	(3,326)	(3,769)	(5,523)	(1,896)	(30,655)
Depreciation and amortisation	(171)	(13,248)	(193)	(9,970)	(21,919)	(1,043)	(46,544)
Share of results of associates and joint ventures	158	(143)	(2,895)	-	(4,966)	130	(7,716)
Net fair value loss on investment properties	-	-	(6,507)	-	-	-	(6,507)
Other material non-cash items:							
Share-based compensation expense	-	-	-	-	-	(780)	(780)
Provision for onerous contract	-	(4,706)	-	-	-	-	(4,706)
Provision for restructuring	-	-	-	-	(1,810)	-	(1,810)
Impairment of trade and other receivables	-	(85)	(76)	-	(1,795)	-	(1,956)
Impairment on investments in joint ventures	-	-	-	-	(14,359)	-	(14,359)
Writeback of impairment on property, plant and equipment	-	628	-	3,180	-	-	3,808
Fair value loss on investment security	-	-	-	-	-	-	-
Segment profit/(loss)	52,008	(3,488)	(7,982)	1,779	(48,897)	(6,030)	(12,610)
As at 31 December 2021							
Assets and liabilities							
Investments in joint ventures and associates	9	110	34,299	-	4,124	6,476	45,018
Additions to non-current assets:							
Property, plant and equipment	43	7,249	40	3,992	5,489	197	17,010
Investment properties	-	-	3,355	-	-	-	3,355
Intangible assets	-	-	-	-	508	-	508
Segment assets	1,557,520	302,793	312,161	373,326	186,475	87,079	2,819,354
Segment liabilities	1,210,957	251,930	124,721	223,167	165,456	63,100	2,039,331

Business Segments

Year ended 31 December 2020	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Segment revenue							
Total segment sales	464,346	172,098	7,699	34,634	25,938	7,459	712,174
Intersegment sales	(177)	(27,506)	(2,408)	-	-	(7,450)	(37,541)
Sales to external customers	464,169	144,592	5,291	34,634	25,938	9	674,633
Interest income	656	1,281	8	27	276	184	2,432
Finance costs	(23,303)	(560)	(3,985)	(4,579)	(5,202)	(1,741)	(39,370)
Depreciation and amortisation	(368)	(8,824)	(187)	(11,446)	(18,372)	(704)	(39,901)
Share of results of associates and joint ventures	(142)	-	4,650	-	(6,209)	221	(1,480)
Net fair value loss on investment properties	-	-	(11,043)	-	-	-	(11,043)
Other material non-cash items:							
Share-based compensation expense	-	-	-	-	-	(1,217)	(1,217)
Provision for onerous contract	-	(7,163)	-	-	-	-	(7,163)
Impairment of trade and other receivables	-	(44)	(35)	-	(2,218)	-	(2,297)
Impairment on property, plant and equipment	-	(2,040)	-	(3,264)	-	-	(5,304)
Fair value loss on investment security	-	-	-	-	(2,347)	-	(2,347)
Segment profit/(loss)	15,898	(35,010)	(3,690)	(11,531)	(40,554)	(2,514)	(77,401)
As at 31 December 2020							
Assets and liabilities							
Investments in joint ventures and associates	220	252	11,819	-	20,854	6,128	39,273
Additions to non-current assets:							
Property, plant and equipment	5	31,545	8	38,255	49,499	714	120,026
Investment properties	-	-	911	-	-	-	911
Intangible assets	-	4,434	-	-	-	-	4,434
Segment assets	1,980,303	267,085	354,320	368,378	216,483	13,842	3,200,411
Segment liabilities	1,618,266	205,197	138,883	223,211	163,218	34,351	2,383,126

Geographical Segments

	Revenue	
	FY2021	FY2020
	$'000	$'000
Singapore	977,922	649,186
Australia	74,167	7,131
Maldives	23,516	11,715
Hong Kong	5,865	1,351
Malaysia	4,663	5,151
Bangladesh	18,881	-
Others	10,385	99
Total	1,115,399	674,633

	Non-current assets	
	31 Dec 2021	31 Dec 2020
	$'000	$'000
Singapore	527,918	608,881
Australia	59,206	58,660
Maldives	118,033	118,770
Malaysia	33,352	35,069
Hong Kong	42,354	49,714
Others	10,212	11,240
Total	791,075	882,334

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Higher revenue from Australia was attributable to the sale of development site at Gladstone street, South Melbourne.
Revenue from Bangladesh and others in FY2021 are attributable to projects undertaken by CES_Salcon Pte. Ltd. which was acquired on 30 December 2020.

Information about a major customer

During the financial year ended 31 December 2021, revenue from a major customer from the construction segment amounted to $121,674,000. In 2020, no revenue from transactions with a single customer contributed to 10% or more to the Group's revenue.

3 Revenue

Disaggregation of revenue from contracts with customers

	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Year ended 31 December 2021							
Primary geographical markets							
Singapore	582,858	352,031	4,073	14,582	24,368	10	977,922
Australia	65,254	-	953	7,960	-	-	74,167
Maldives	-	-	-	23,516	-	-	23,516
Hong Kong	-	-	-	-	5,865	-	5,865
Malaysia	-	318	-	-	4,345	-	4,663
Bangladesh	-	18,881	-	-	-	-	18,881
Others	-	8,265	-	-	2,120	-	10,385
	648,112	379,495	5,026	46,058	36,698	10	1,115,399
Major product or service lines							
Construction contracts	-	379,495	-	-	-	-	379,495
Development properties	648,053	-	-	-	-	-	648,053
Hotel operations	-	-	-	46,058	-	-	46,058
Rental of investment properties	-	-	5,026	-	-	-	5,026
School fee	-	-	-	-	36,664	-	36,664
Management fee	59	-	-	-	34	10	103
	648,112	379,495	5,026	46,058	36,698	10	1,115,399
Timing of transfer of goods or services							
At a point in time	65,313	43,961	5,026	46,058	1,818	10	162,186
Over time	582,799	335,534	-	-	34,880	-	953,213
	648,112	379,495	5,026	46,058	36,698	10	1,115,399
Year ended 31 December 2020							
Primary geographical markets							
Singapore	464,169	144,592	4,613	16,466	19,337	9	649,186
Australia	-	-	678	6,453	-	-	7,131
Maldives	-	-	-	11,715	-	-	11,715
Hong Kong	-	-	-	-	1,351	-	1,351
Malaysia	-	-	-	-	5,151	-	5,151
Others	-	-	-	-	99	-	99
	464,169	144,592	5,291	34,634	25,938	9	674,633
Major product or service lines							
Construction contracts	-	144,592	-	-	-	-	144,592
Development properties	464,169	-	-	-	-	-	464,169
Hotel operations	-	-	-	34,634	-	-	34,634
Rental of investment properties	-	-	5,291	-	-	-	5,291
School fee	-	-	-	-	25,893	-	25,893
Management fee	-	-	-	-	45	9	54
	464,169	144,592	5,291	34,634	25,938	9	674,633
Timing of transfer of goods or services							
At a point in time	-	18,254	5,291	34,634	933	9	59,121
Over time	464,169	126,338	-	-	25,005	-	615,512
	464,169	144,592	5,291	34,634	25,938	9	674,633

4 Fair Value of Investment Properties

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties as at 31 December 2021 and 31 December 2020:

Valuation techniques	Unobservable inputs	Range	Range	Inter-relationship between key unobservable inputs and fair value measurement
		FY2021	**FY2020**	
Market comparable approach	Transacted price of comparable properties (psf)	$255 - $5,632	$255 - $4,223	The estimated fair value increases with higher transacted price of comparable properties
Capitalisation approach	Capitalisation rate	4.00% - 7.00%	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
Discounted cash flow approach	Discount rate	7.50%	7.50%	
	Terminal yield rate	7.00%	7.25%	
Residual land value method	Gross development value	$2,420 psf	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
	Estimated development cost	$350 psf	$333 psf	

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 11.

5 Significant related party transactions

In addition to the related party information disclosed elsewhere in the interim condensed financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group		Group	
	2H2021 $'000	**2H2020 $'000**	**FY2021 $'000**	**FY2020 $'000**
Sale of development property to a family member of a director of the Company	-	-	-	1,202
Fee paid to a director of the Company under a contract for services	355	305	707	605
Compensation to key management personnel	5,970	4,979	9,281	9,724
Interests on fixed rate notes paid/payable to directors/key management personnel of the Company	1,010	1,015	2,021	2,003
Interest income from joint ventures	199	-	231	-
Interest expense on loans from non-controlling interests	707	644	1,387	2,567
Management fee with an associate and joint ventures	74	54	103	54

6 Other (losses)/gains net and other income

	Note	Group 2H2021 $'000	Group 2H2020 $'000	+/(-) %	Group FY2021 $'000	Group FY2020 $'000	+/(-) %
Interest income		988	1,464	(32.5)	1,248	2,432	(48.7)
Rent concessions from landlords		537	176	204.8	649	1,062	(38.9)
Government grants	1	3,715	10,742	(65.4)	9,955	19,110	(47.9)
Rental income from non investment holding companies		528	479	10.2	1,096	975	12.4
Sales of materials		103	143	(28.0)	295	416	(29.1)
Deposits forfeited from buyers		93	384	(75.7)	360	642	(43.9)
Other miscellaneous income		1,269	475	166.9	2,109	893	136.1
Net foreign exchange (loss)/gain	2	(1,612)	741	NM	(1,377)	4,087	NM
Gain on disposal of investment properties	3	810	-	NM	810	-	NM
Gain on disposal of joint venture	4	3,647	-	NM	3,647	-	NM
Property, plant and equipment written off	5	(3,572)	(6,969)	(48.7)	(3,572)	(6,969)	(48.7)
Net gain on disposal of property, plant and equipment		54	106	(48.7)	266	132	101.7
Net fair value loss on investment properties	6	(3,507)	(11,043)	(68.2)	(6,507)	(11,043)	(41.1)
Fair value loss on investment security	7	-	(2,347)	(100.0)	-	(2,347)	(100.0)
Writeback of impairment/(Impairment loss) on property, plant and equipment	8	3,808	(5,304)	NM	3,808	(5,304)	NM
Impairment loss on investments in joint ventures	9	(14,359)	-	NM	(14,359)	-	NM
Impairment loss on trade and other receivables	7	(1,956)	(2,169)	(9.8)	(1,956)	(2,297)	(14.8)
Provision for restructuring costs	10	(1,810)	-	NM	(1,810)	-	NM
		(11,264)	(13,122)	(14.2)	(5,338)	1,789	NM

Note:-
NM - Not meaningful.

1 Lower government grants to mitigate COVID-19 pandemic received in 2021.

2 The foreign exchange loss in 2021 was mainly due to weakening of Australian dollars as compared to strengthening of Australian dollars in 2020.

3 Gain on disposal of investment properties was attributable to the disposal of 3 investment properties in Tanjong Pagar and Geylang Road in 2021.

4 Gain on disposal of joint venture was attributable to the disposal of Cybint International Pte. Ltd. in 2021.

5 Write-off of property, plant and equipment was mainly attributable to closure of Ibis Styles brand under Grosvenor hotel in 2020 and write-off of obsolete professional fee incurred for a hotel redevelopment in both years.

6 Net fair value loss on investment properties was mainly attributable to CES Centre in both years.

7 Impairment loss on trade and other receivables in 2021 was mainly attributable to trade and other receivables in enrichment centres in People's Republic of China (the "PRC"). Fair value loss on investment security and impairment loss on trade and other receivables in 2020 was mainly attributable to the loan extended to American Scholar Group, Inc ("ASG") in the United States of America ("USA"). ASG's business model has been severely impacted in the face of political tensions between the USA and China and COVID-19.

8 Writeback of impairment in 2021 is attributable to higher valuations for Grosvenor hotel, Mandurah hotel and precast yard. The impairment loss in 2020 was attributable to a hotel redevelopment, the 2 Australia hotels and precast yards.

9 Impairment loss on investments in joint ventures was mainly attributable to investment in Guangzhou Yuanda Information Development Co. Ltd ("Yuanda"). The investment was impaired in full as the business was adversely impacted by the changes in edtech regulations that does not permit foreign ownership.

10 Provision for restructuring costs was mainly attributable to the planned closure of enrichment centres in PRC.

7 Loss after tax

The following items have been included in arriving at loss after tax:

	Note	Group 2H2021 $'000	Group 2H2020 $'000	+/(-) %	Group FY2021 $'000	Group FY2020 $'000	+/(-) %
Employee benefits expenses	1	59,220	44,242	33.9	112,737	89,207	26.4
Depreciation of property, plant and equipment	2	21,344	18,743	13.9	41,582	37,422	11.1
Legal and professional fees		1,694	2,876	(41.1)	3,327	5,288	(37.1)
Property maintenance expenses		2,584	2,767	(6.6)	5,398	5,225	3.3
Amortisation of intangible assets	3	3,481	2,196	58.5	4,962	2,479	100.2
Provision for onerous contract		2,690	963	179.3	4,706	7,163	(34.3)
One-off non-productive COVID-19 related expenses included in construction cost of sales		1,691	15,126	(88.8)	398	20,831	(98.1)
One-off non-productive COVID-19 related expenses included in development property cost of sales		1,671	-	NM	3,060	-	NM
Under/(Over)provision of tax in respect of previous years		(73)	(293)	NM	272	(355)	NM

1 Higher employee benefits expenses was in tandem with higher revenue and contribution from CES_Salcon Pte. Ltd. which was acquired in December 2020.

2 Higher depreciation was mainly due to additions to property, plant and equipment during the year.

3 Higher amortisation of intangible assets was mainly due to amortisation of order books in CES_Salcon Pte. Ltd.

Note:-
NM - Not meaningful.

8 Loss per share

	Group		Group	
	2H2021	2H2020	FY2021	FY2020
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	(4.03)	(7.24)	(4.02)	(10.35)
(ii) On a fully diluted basis (in cents)	(4.03)	(7.24)	(4.02)	(10.35)

Notes:

(i) The computation of basic earnings per share was based on the weighted average of 783,418,749 ordinary shares (31 December 2020: 782,946,343 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 783,418,749 ordinary shares (31 December 2020: 782,946,343 ordinary shares).

9 Net asset value

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	96.78	103.38	30.30	23.70

The computation of net asset value per ordinary share was based on 784,224,776 ordinary shares (excluding treasury shares of 39,793,900) (31 December 2020 : 782,924,776 ordinary shares excluding treasury shares of 41,093,900).

10 Property, plant and equipment

	Land and buildings $'000	Right-of-use assets $'000	Others $'000	Total $'000
As at 31 December 2020				
Cost	419,280	143,938	92,779	655,997
Accumulated depreciation and impairment	(49,902)	(22,799)	(47,601)	(120,302)
Net book value	369,378	121,139	45,178	535,695
Year ended 31 December 2021				
Opening net book value	369,378	121,139	45,178	535,695
Transfer from investment property	40,390	-	-	40,390
Additions	3,053	3,697	10,260	17,010
Cost adjustments	-	(399)	-	(399)
Disposals/Write-off	(3,499)	(221)	(492)	(4,212)
Exchange differences	(85)	1,625	33	1,573
Impairment	1,189	(156)	2,775	3,808
Depreciation	(9,412)	(16,609)	(16,241)	(42,262)
Closing net book value	401,014	109,076	41,513	551,603
At 31 December 2021				
Cost	456,947	147,143	100,916	705,006
Accumulated depreciation and impairment	(55,933)	(38,067)	(59,403)	(153,403)
Net book value	401,014	109,076	41,513	551,603

During the year ended 31 December 2021, there was a transfer of $40.4 million from investment property as it was decided that certain units in the investment property were redesignated for own use.

As at 31 December 2021, the future lease payments for non-cancellable lease contract are $2.3 million within 2 to 5 years, and $7.9 million thereafter.

11 Investment properties

	Group	
	31 Dec 2021 $'000	**31 Dec 2020 $'000**
At beginning of period	296,759	305,528
Net loss from fair value adjustments recognised in profit or loss	(6,507)	(11,043)
Additions	3,355	911
Disposals	(32,000)	-
Transfer to property, plant and equipment	(40,390)	-
Transfer to assets held for sale	(27,000)	-
Exchange differences	(783)	1,363
At end of period	193,434	296,759

During the financial year ended 31 December 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., had entered into a sale and purchase agreement with a 3rd party to sell all of its 100% shares held in Evervit Development Pte Ltd ("EDPL") for $28 million. EDPL is a property holding company whose main asset is the investment property located at 69 Ubi Crescent Singapore 408561. Accordingly, the asset is reclassified to 'Assets held for sale'.

12 Development properties

	Group	
	31 Dec 2021 $'000	**31 Dec 2020 $'000**
Properties under development, units for which revenue is recognised over time		
Land and land related cost	529,999	879,770
Development costs	71,169	103,444
	601,168	983,214
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	36,505	90,929
Development costs	10,611	20,038
	47,116	110,967
Total	648,284	1,094,181

13 Borrowings

	As at 31 Dec 2021 $'000	As at 31 Dec 2020 $'000
Amount repayable in one year or less, or on demand		
- Secured	440,211	180,602
- Unsecured	60,039	17,006
Amount repayable after one year		
- Secured	808,375	1,444,629
- Unsecured	148,609	155,493
	1,457,234	1,797,730

Details of any collateral

The Group's total borrowings of $1.5 billion are loans taken to finance property development projects, investment properties, school campus, hotels and for working capital.

The Group's secured borrowings are mainly secured by:

(a) legal mortgage on the development properties, investment properties, precast yard, school campus and hotels;
(b) assignment of sale and rental proceeds, present and future tenancy and sale agreements;
(c) assignment of construction contracts, performance bonds and insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of certain hotels;
(f) assignment of building agreements;
(g) assignment of dividends to be received; and
(h) charge of bank accounts with the banker.

The Group's unsecured borrowings comprise mainly the following notes issued under its $750 million Multicurrency Debt Issuance Programme:

(a) $15.0 million 5-year fixed rate notes issued on 19 May 2017. The notes bear interest at the rate of 4.90 per cent. per annum payable semi-annually in arrear and will be due in May 2022.

(b) $39.0 million 3-year fixed rate notes issued on 15 March 2019. The notes bear interest at the rate of 6.0 per cent. per annum payable semi-annually in arrear and will be due in March 2022.

(c) $120.0 million 3-year fixed rate notes issued on 6 December 2021. The notes bear interest at the rate of 6.5 per cent. per annum payable semi-annually in arrear and will be due in December 2024.

The Company redeemed $13.0 million of the notes upon its maturity on 14 June 2021.

On 6 December 2021, the Company’s wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $120.0 million of notes under the Programme comprising: (i) $71.25 million in aggregate principal amount of new notes issued as part of the exchange offer for previous notes expiring in 2022; and (ii) $48.75 million in aggregate principal amount of additional new notes issued. These notes which are unsecured, bear interest at a fixed rate of 6.50% per annum, payable semi-annually in arrear and will mature in December 2024.

14 Subsequent event

Entry into agreements relating to a joint venture

On 31 January 2022, the Company's wholly-owned subsidiary, CES Hospitality Pte. Ltd. (“CESH”), has entered into a joint venture ("JV") with Ariva Hospitality Pte. Ltd. to primarily undertake the business of the provision of management services to hotels and serviced residences. The JV will be through a joint venture company, CES-Ariva Hospitality Pte. Ltd. in which CESH will eventually own 70%.

F Other Information Required by Listing Rule Appendix 7.2

Other information

1 Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended and certain explanatory notes have not been audited or reviewed.

2 Share capital

(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The changes in the Company's issued share capital (excluding treasury shares) for the financial year ended 31 December 2021 were as follows:

	'000
Balance as at 1 January 2021	782,925
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	1,300
Balance as at 31 December 2021	784,225

As at 31 December 2021, the number of outstanding share options under the Company's Employee Share Option Scheme was 40,000,000 (31 December 2020: 50,000,000).

(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares of 39,793,900 (31 December 2020: 41,093,900) shares as at 31 December 2021 was 784,224,776 (31 December 2020: 782,924,776) shares.

(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

During the current financial year, 1,300,000 treasury shares were reissued upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include discussion of any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Half year results : 2H2021 vs 2H2020

Overall

Gross revenue increased by 28.2% from $384.7 million to $493.0 million with higher contribution from the construction, hospitality and education divisions, partially offset by lower contribution from property development division. In tandem with higher revenue, gross profit increased by a greater magnitude of 96.8% from $30.9 million to $60.8 million with lower one-off non-productive COVID-19 related costs.

During the year, an impairment loss on investments in joint ventures of $14.4 million was recognised. This was mainly attributable to investment in Guangzhou Yuanda Information Development Co. Ltd ("Yuanda"). In July 2021, regulatory measures rolled out in the People's Republic of China (the "PRC") targeting the tuition industry have adversely impacted the education business outlook in PRC. Accordingly, impairment was provided on investment in Yuanda. The impairment loss on investments in joint ventures and lower government grant in relation to COVID-19 pandemic were mitigated by the higher gross profit, and lower fair value loss on investment properties. Consequently, the Group reported a narrower loss before tax at $23.5 million, as compared to the loss before tax of $52.2 million in the corresponding period last year. After taking into account higher tax expense on the profitable entities, the Group recorded a loss after tax of $30.8 million, as compared to loss after tax of $52.8 million in the corresponding period last year.

Property Development

Revenue decreased by 14.2% from $266.9 million to $229.0 million mainly due to absence of contribution from Grandeur Park Residences which was fully sold and completed by 1Q2021 and lower contribution from Park Colonial, partially offset by higher contributions from Parc Komo and Kopar at Newton.

Construction

Revenue increased by 149.1% from $86.3 million to $214.9 million. The sharp rebound was largely due to the low base in 2H2020 with the slow resumption of construction activities after the Circuit Breaker period, new revenue contribution from projects under CES_Salcon, which was acquired in December 2020 and new projects Woodlands N1C25 and Pasir Ris N5C26&C27 secured in 2021.

Hospitality

Revenue increased by 85.9% from $14.7 million to $27.3 million with higher contributions from all hotels.

Education

Revenue increased by 34.2% from $14.5 million to $19.4 million mainly due to higher contributions from the Invictus-brand international schools, Perse School and Primus Schoolhouse.

Property Investment & Others

Revenue remained stable at $2.4 million.

Full year results : FY2021 vs FY2020

Overall

Gross revenue increased by 65.3% from $674.6 million to $1.12 billion. The sharp rebound was largely due to the low base in FY2020 when most of construction progress ceased during the Circuit Breaker period from 7 April 2020. In tandem with higher revenue, gross profit increased by a greater magnitude by 113.4% from $65.2 million to $139.2 million with lower one-off non-productive COVID-19 related costs.

The higher gross profit and lower fair value loss on investment properties were partially offset by impairment in joint ventures and government grants in relation to COVID-19 pandemic. Overall, the Group recorded a lower loss before tax of $12.6 million, as compared to a loss before tax of $77.4 million in the previous year. After taking into account higher tax expense on the profitable entities, the Group recorded a loss after tax of $21.6 million, as compared to loss after tax of $78.5 million in the previous year.

Property Development

Revenue increased by 39.6% from $464.2 million to $648.1 million mainly attributable to sale of development site at Gladstone Street, South Melbourne and higher contributions from Park Colonial, Kopar at Newton and Parc Komo, partially offset by lower progressive revenue recognition from the fully sold and completed Grandeur Park Residences.

Construction

Revenue increased by 162.5% from $144.6 million to $379.5 million. The sharp rebound was largely due to the low base in 2020 with the slow resumption of construction activities after the Circuit Breaker period and new revenue contribution from projects under CES_Salcon, which was acquired in December 2020 and new projects Woodlands N1C25 and Pasir Ris N5C26&C27 secured in 2021.

Hospitality

Revenue increased by 33.0% from $34.6 million to $46.1 million mainly due to higher contributions from all hotels, except Park Hotel Alexandra. The lower revenue in Park Hotel Alexandra was attributable to low occupancy in the first few months of the year before it is leased as isolation facility.

Education

Revenue increased by 41.5% from $25.9 million to $36.7 million mainly due to higher contributions from the Invictus-brand international schools, Perse School and Primus Schoolhouse.

Property Investment & Others

Revenue remained relatively stable at $5.0 million.

Group Statement of Financial Position Review

The Group's non-current assets decreased from $960.3 million to $899.9 million mainly due to disposal of the 3 investment properties in Geylang Road and Tanjong Pagar and reclassification of an investment property from 'Investment Properties' to 'Assets held for sale'. Net current assets decreased by $760.5 million from $1.75 billion to $989.2 million mainly due to lower development properties arising from the progressive recognition of development costs for units sold in the Group's development properties in Singapore, and disposal of the development property located at Gladstone Street in South Melbourne, reclassification of borrowings from non-current to current liabilities, partially offset by repayment of borrowings and higher cash balance. Non-current liabilities decreased from $1.89 billion to $1.11 billion mainly due to repayment of bank borrowings for development projects and reclassification of borrowings from non-current to current liabilities.

Total equity decreased from $817.3 million to $780.0 million, after taking into account a net loss of $24.1 million recorded in FY2021 and dividend payment to shareholders of $15.7 million. With lower equity and borrowings, the Group's net-debt-to-equity ratio decreased from 1.74 as at 31 December 2020 to 1.22 as at 31 December 2021.

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

The Group's unaudited results for the financial year ended 31 December 2021 are in line with the Company's profit guidance announcement on 12 November 2021.

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

Property Development

Singapore

Based on statistics released by the Urban Redevelopment Authority, the prices of private residential properties gained by 5.0% in 4Q2021, compared with a 1.1% increase in the previous quarter. For the whole of 2021, the price indices with a hike of 10.6% recorded the highest growth rate since 2010. As at the end of 4Q2021, there were 46,276 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, as compared with 47,715 units in 3Q2021. Of this number, 14,154 units remained unsold as at the end of 4Q2021, down from 17,140 units in 3Q2021. Despite the stellar record in 2021, sales of new private homes are expected to ease in 2022 on the back of the latest property cooling measures and a limited pipeline of launches.

Compared to the sales figures last announced as at 8 November 2021, sales to-date based on options to purchase issued for Parc Komo increased further from 80.1% to 89.5% and for Kopar at Newton, from 58.2% to 68.3%. Park Colonial is fully sold.

Australia

Based on data released by Australia's property data research provider, CoreLogic, home prices recorded a strong growth of 22.1% in 2021, as compared to 6.6% increase in the previous year. Sales to-date for the Group's new development in South Perth, Western Australia, 28 Lyall, climbed from 50.0% as at 8 November 2021 to 51.8%.

The Group will continue to exercise caution and be more selective in replenishing its land bank for its property development business in Singapore and overseas.

Construction

Based on advance estimates from the Ministry of Trade and Industry, the construction sector grew by 18.7% on a year-on-year basis in 2021, a turnaround from the 35.9% contraction in the preceding quarter. The sharp upturn was due to low base effects given the slow resumption of construction activities after Circuit Breaker last year. As at 31 December 2021, the Group's order book for its construction business segment stood at $1.36 billion, down from $1.40 billion as at 30 June 2021.

The Group will continue to leverage on its expanded capabilities in the building, infrastructure, construction and construction project management business and aim to transform its construction business through innovation and technology, which will in turn increase efficiency and productivity, thereby also enhancing its competitive edge.

Hospitality

Singapore's increasing vaccination rate will continue to facilitate the progressive easing of domestic and border restrictions, which will support the recovery of consumer-facing sectors and alleviate labour crunch. Air travel and visitor arrivals are also expected to improve with the loosening of travel restrictions and expansion of vaccinated travel lanes.

Over in Australia, until the reopening of borders in February 2022, hospitality demand is still primarily supported by domestic market since the closure of international borders since March 2020.

Based on data from the Ministry of Tourism, the Maldives registered 1.3 million tourist arrivals in 2021, as compared to 0.5 million in 2020. The Maldives' main sources of tourist arrivals in 2021 are India, Russia, Germany, USA and UK.

Overall, the hospitality industry is expected to have a gradual but uneven path of recovery amidst growing concerns over the emergence of Omicron variant.

Education

In 2021, the COVID-19 pandemic measures continued to impact the relocation of international families and the number of international students seeking education in Singapore and the region. These negative factors continue to lead to slower enrollment in our K-12 schools and preschools in the Group. In 2022, the Group hopes to ride on the possible economic recovery from improved management of COVID-19 pandemic to seek enrolment growth for our K-12 schools and preschools. The Group has also developed its proprietary Invictus Global Schoolhouse programme (the "IGSH Programme"). The IGSH Programme is a 3-year Smart School blended learning programme that prepares students from non-English speaking countries for the Cambridge International A-level examinations. The IGSH Programme, which will be deployed in the K-12 schools in the Group and licensed to third-party education-related organisations, is on track to launch in the second half of 2022. The IGSH Programme offers a flexible educational delivery model. We expect to ride on the IGSH Programme to achieve better scalability in expanding the education business in the next few years. We expect the IGSH Programme enrollment to exponentially grow when it achieves a track record in graduating students who can gain admission into good universities worldwide.

6 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	**First & Final**
Dividend Type	Cash
Dividend Amount per Share (in cents)	2.0 Singapore cents per ordinary share Tax exempt (one-tier tax)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	**First & Final**
Dividend Type	Cash
Dividend Amount per Share (in cents)	2.0 Singapore cents per ordinary share Tax exempt (one-tier tax)

(c) Date payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 22 April 2022, is expected to be paid on or about 20 May 2022.

(d) Record date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 6 May 2022 at 5.00 p.m. for the purpose of determining shareholders' entitlement to the First & Final Dividend to be approved at the Annual General Meeting of the Company to be held on 22 April 2022. Duly completed registrable transfers in respect of the shares in the Company received up to close of business by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08, Prudential Tower, Singapore 049712, will be registered to determine shareholders entitlement to such dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 6 May 2022 will be entitled to such proposed dividend.

7 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

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

The Company does not have a shareholders' mandate for interested person transactions.

9 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1).

10 Breakdown of Group's revenue and operating profit after tax for first half year and second half year

	Group		**Increase/**
	FY2021	**FY2020**	**(Decrease)**
	$'000	**$'000**	**%**
Revenue			
- first half	622,421	289,971	114.6
- second half	492,978	384,662	28.2
Full year	1,115,399	674,733	
Operating profit after tax before deducting non-controlling interest			
- first half	9,179	(25,678)	NM
- second half	(30,809)	(52,812)	(41.7)
Full year	(21,630)	(78,490)	

11 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

	FY2021 $'000	FY2020 $'000
Ordinary	15,684	15,668
Preference	-	-
Total:	15,684	15,668

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2021 of 2.0 cents per ordinary share are subject to the approval of shareholders at the forthcoming Annual General Meeting and the dividend amount is based on the number of issued ordinary shares (excluding treasury shares) as at 31 December 2021.

12 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held
Lim Sock Joo	52	Spouse of Chia Lee Meng Raymond	Executive Director of hospitality and property development divisions Duties include: (i) Handle matters relating to business, management and operation of hospitality division (ii) Involve in sales and marketing matters of property development division Position held since 1 July 2013.
Chia Lynn	26	Daughter of Chia Lee Meng Raymond and Lim Sock Joo	Assistant Manager, Business Development Duties include matters relating to business development Position held since 1 July 2021.

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer
16 February 2022