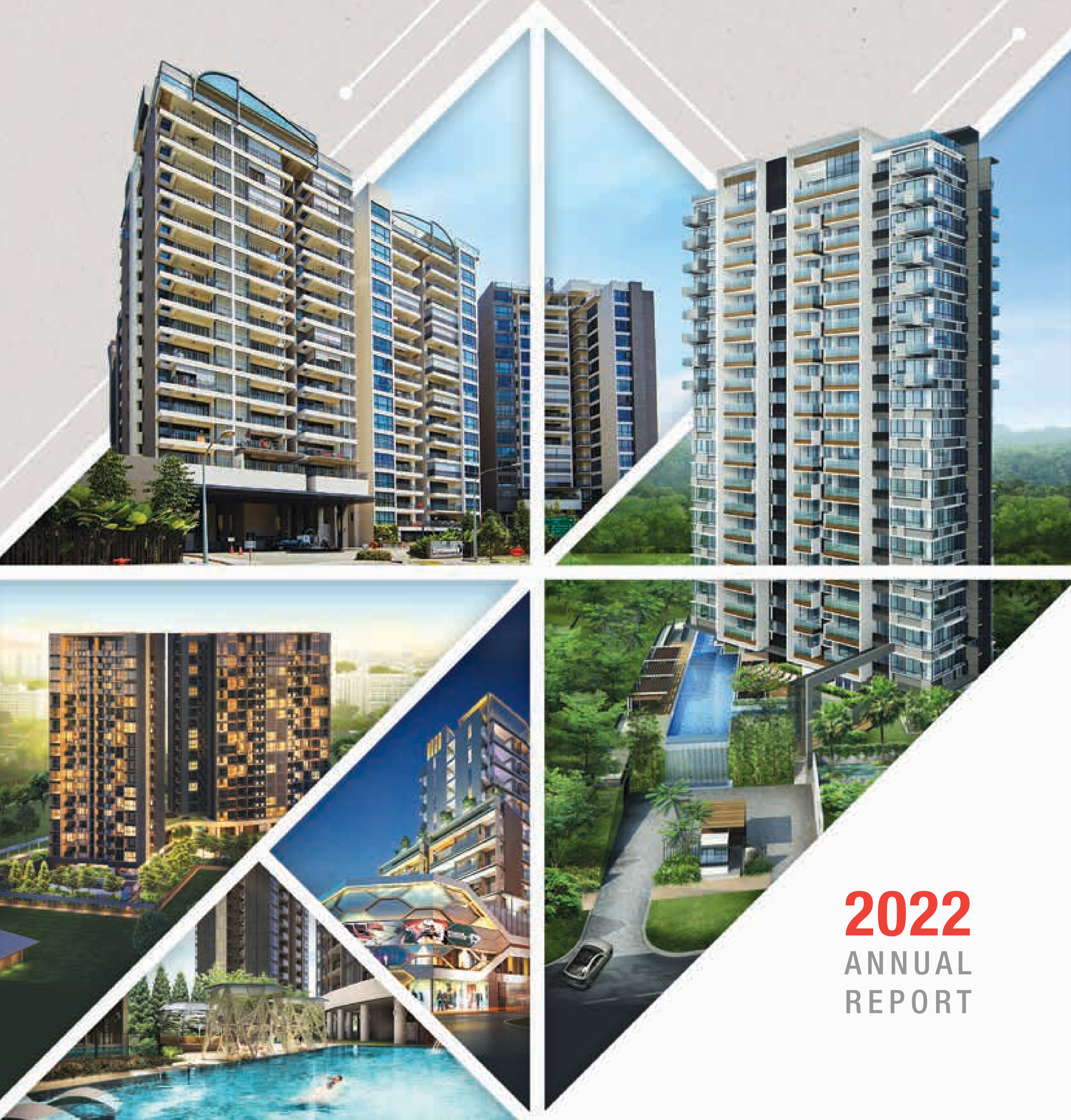
TA CORPORATION LTD



2022 ANNUAL REPORT

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CORPORATE PROFILE

OUR VISION

To be the preferred property developer and construction services provider through our pursuit of uncompromising quality and excellence

OUR MISSION

We are committed to delivering quality products and services with our hallmark excellence, growing with our greatest assets – our people, and delivering shareholder value

ABOUT TA CORPORATION

With a history that can be traced back to 1972, TA Corporation Ltd ("TA Corporation") is an established property and construction group, with a growing suite of businesses in distribution as well as the provision of workers training, manufacturing and accommodation in Singapore and across the region, including Thailand, Cambodia, Malaysia, China, and Myanmar.

REAL ESTATE DEVELOPMENT

Backed by its strong competencies in the construction business since the 1970s and in-depth experience in working with established real estate developers, the Group has established a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets since more than 20 years ago. Some of its completed residential developments in Singapore include *Leonie Hill Residences, The Citrine, Parc Seabreeze, Auralis, Coralis, Starlight Suites, Gambir Ridge, The Cristallo, The Skywoods, Terra Villas and Ascent@456*, as well as a serviced apartment, *12 on Shan*. The Group's 20%-owned associate FSKH Development Pte. Ltd.'s 256-unit 99-year leasehold residential development – *The Antares* on Mattar Road has obtained Temporary Occupation Permit ("TOP") in December 2022.

The Group has also successfully ventured overseas through joint ventures in property development projects in China, Thailand, and Cambodia. Its current regional portfolio includes distinctive mixed-use developments such as freehold multi-phased mixed development in Khlong Sam District, Pathum Thani Province in Bangkok, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia. Phase one of Pathum Thani project was completed in 2021 and in 2022, the Group is in the process of transferring the sold units to its buyers while marketing of its balance units are continuing.

CONSTRUCTION

TA Corporation's main construction business is principally undertaken through its wholly owned subsidiary, Tiong Aik Construction Pte Ltd, which has a track record of close to 50 years in Singapore, while projects below S$40 million are handled by TA Builders Pte Ltd, which holds BCA grade B1, another wholly owned subsidiary with more than 20 years of track records. Over the years, the Group has built a solid reputation as a reliable building contractor with the ability to undertake a wide spectrum of projects for both public and private sector clients. Most of its past and existing customers are reputable names, including government bodies such as the URA, HDB and JTC Corporation and established real estate developers such as Allgreen Properties Limited, CapitaLand Residential Ltd, CapitaLand Commercial Ltd, The Ascott Limited, Keppel Land Realty Pte Ltd, Wheelock Properties (Singapore) Pte. Ltd., Wing Tai Holdings Limited, Keppel Corporation Limited, German European School Singapore as well as Logan Property (Singapore) Company Pte. Limited.

Leveraging on the property and construction business demand for pre-cast components to enhance productivity, the Group's pre-cast concrete components factory in Johor, Malaysia started operations in the fourth quarter of 2015. Our customers for concrete pre-cast components include Samsung C & T Corporations, Samsung-Koh Brothers Joint Venture, LC & T Builder (1971) Pte Ltd, Chuan Lim Construction Pte Ltd, Woh Hup (Private) Ltd, China Communications Construction Company, Wee Hur Construction Pte Ltd, Lian Beng Construction (1988) Pte Ltd, Yee Hong Pte Ltd and Kim Seng Heng Engineering Construction (Pte) Ltd, who are engaged in the construction business in the residential, commercial, industrial and infrastructure segments in Singapore and Malaysia.

In November 2017, its 80%-owned subsidiary, TK Modular Pte. Ltd, received in-principle acceptance for the use of its Steel Prefabricated Prefinished Volumetric Construction – ADD Modular (2016) ("PPVC System") for building projects in Singapore from the Building and Construction Authority and relevant government agencies. Steel PPVC modules are supported by steel frames with lightweight walls, and have either concrete or lightweight flooring. These are lighter and larger, usually requiring fewer modules. During the introduction phase, Singapore government brought in measures stipulating that developments on land bought through GLS (Government Land Sales) need to meet specified levels of prefabrication, and that Singapore condos on such sites need to use PPVC for all of their bathrooms.

On the other hand, the Group's existing precast component manufacturing capabilities, enable the Group to drive efficiency through Design for Manufacturing Assembly ("DfMA") to further enhance productivity in construction segment – both for the Group's property development and construction projects as well as to fulfill the growing demand for solutions to improve labour productivity and operational efficiency in the construction industry.

The Group also provides complementary services to its construction segment including fabrication of metal works and erection of building structural steels.

Additionally, the Group is also involved in the design, installation and maintenance of Air-Conditioning & Mechanical Ventilation ("ACMV") systems in Singapore and Cambodia.

REAL ESTATE INVESTMENT

The Group owns and operates over 10,000 dormitory beds, which cater to foreign workers working in Singapore. This dormitory business is part of the Group's strategy to grow its recurring income streams. The Group also owns commercial space in Singapore, including 2,445 square metres of commercial units at New World Centre, 1 Jalan Berseh as sources of rental income.

DISTRIBUTION

TA Corporation has expanded its distribution of high performance motor oil and lubricants beyond Singapore to include Myanmar and Thailand. The Group, through its subsidiaries and 50%-owned joint ventures, holds distributorships for well-known brands, comprising *Shell*, and *GS Caltex* in Myanmar and *Repsol* in Thailand and Singapore. In addition, the Group's joint ventures distribute construction equipment, heavy commercial vehicles, trucks, buses, passenger vehicles and automotive spare parts in Myanmar under the *CASE* and *IVECO* brands.

TA Corporation was listed on the SGX Mainboard on November 21, 2011.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you TA Corporation's annual report for the financial year ended December 31, 2022 ("FY2022").

TURNAROUND YEAR

As most of the world learn to live with COVID-19, the global economy continued to show signs of recovery even as it faced headwinds from geopolitical tensions, increased inflationary pressures, coupled with interest rate hikes by the Federal Reserve.

Singapore began easing COVID-19 restrictions progressively in 2022 and continued its recovery track. Singapore's economy expanded by 3.6% in 2022, moderating from the 8.9% growth in 2021[1]. The construction sector reported growth of 6.7% for the year, supported by both public and private sector construction works. As international travel resumed and border restrictions loosened, the return of work pass workers to Singapore have helped support the recovery of the construction industry and demand for purpose-built dormitories.

FY2022 proved to be a turnaround year for TA Corporation as we remained prudent to actively manage our operating costs and business risks while leveraging on the recovery trend and our established track record and reputation to seize business opportunities.

The Group is pleased to report profit attributable to shareholders of S$12.1 million in FY2022, compared to a loss of S$36.5 million in FY2021. This was achieved on the back of the Group's revenue increase of S$147.5 million or 67.6% to S$365.7 million, compared to S$218.2 million in the previous corresponding year ("FY2021").

CONSTRUCTION

The Construction segment continued to be the key contributor to the Group's revenue in FY2022. In the year under review, the Construction segment recorded revenue of S$209.0 million, a 15.0% year-on-year increase of S$27.2 million from S$181.8 million in FY2021, due to higher revenue recognised from progressive construction work for projects.

The Group's wholly-owned subsidiary, Tiong Aik Construction Pte Ltd ("TAC") holds a BCA grade of A1 which enables the Group to undertake public and private sector construction projects of unlimited contract value. Its customer base comprises blue-chip developers of residential projects, as well as companies engaged in the construction businesses across residential, commercial, industrial and infrastructure segments in Singapore.

The Group also has a wholly-owned subsidiary TA Builders Pte. Ltd. focusing on smaller-scale exclusive private residential and good class bungalow ("GCB") projects.

The Building and Construction Authority ("BCA") expects Singapore's construction demand to remain strong in 2023, with the total construction demand (i.e. the value of construction contracts to be awarded) in 2023 to be between S$27 billion and S$32 billion, similar to last year's projection.

According to the BCA, the public sector is expected to contribute about 60% of the total construction demand in 2023, supported by a continued strong pipeline of public housing projects, industrial and institutional building construction as well as infrastructure works. Private sector construction demand is expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Demand for commercial building construction is also expected to increase given the rescheduling of major commercial projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values.

For the Construction segment, the Group remains focused on executing its order book of S$104.7 million as at December 31, 2022 to be delivered progressively over the contract period.

Besides bidding for construction projects, the Group will also continue to grow our precast concrete business, which has benefited from growing demand resulting from the Singapore government's drive to adopt Design for Manufacturing and Assembly ("DfMA") and Prefabricated Bathroom Unit ("PBU") to enhance productivity and manage labour constraints.

The Group also has BCA's in-principle approval for the use of its Steel Prefabricated Prefinished Volumetric Construction – ADD Modular (2016) ("PPVC Systems") in Singapore. As industry players increasingly view PPVC Systems as an efficient building solution, the Group is ready to cater to this potential demand.

CHAIRMAN'S STATEMENT

REAL ESTATE INVESTMENT

The Group's Real Estate Investment segment reported revenue of S$26.9 million in FY2022, an increase of 15.9% from S$23.2 million in FY2021, mainly attributable to the improvement in bed rates and occupancy for the Group's *Tuas South Dormitory*.

The recovery of the Singapore economy in 2022, including the construction industry, driven by the reopening of its borders and the return of work pass holders has translated to improved performance of *Tuas South Dormitory*.

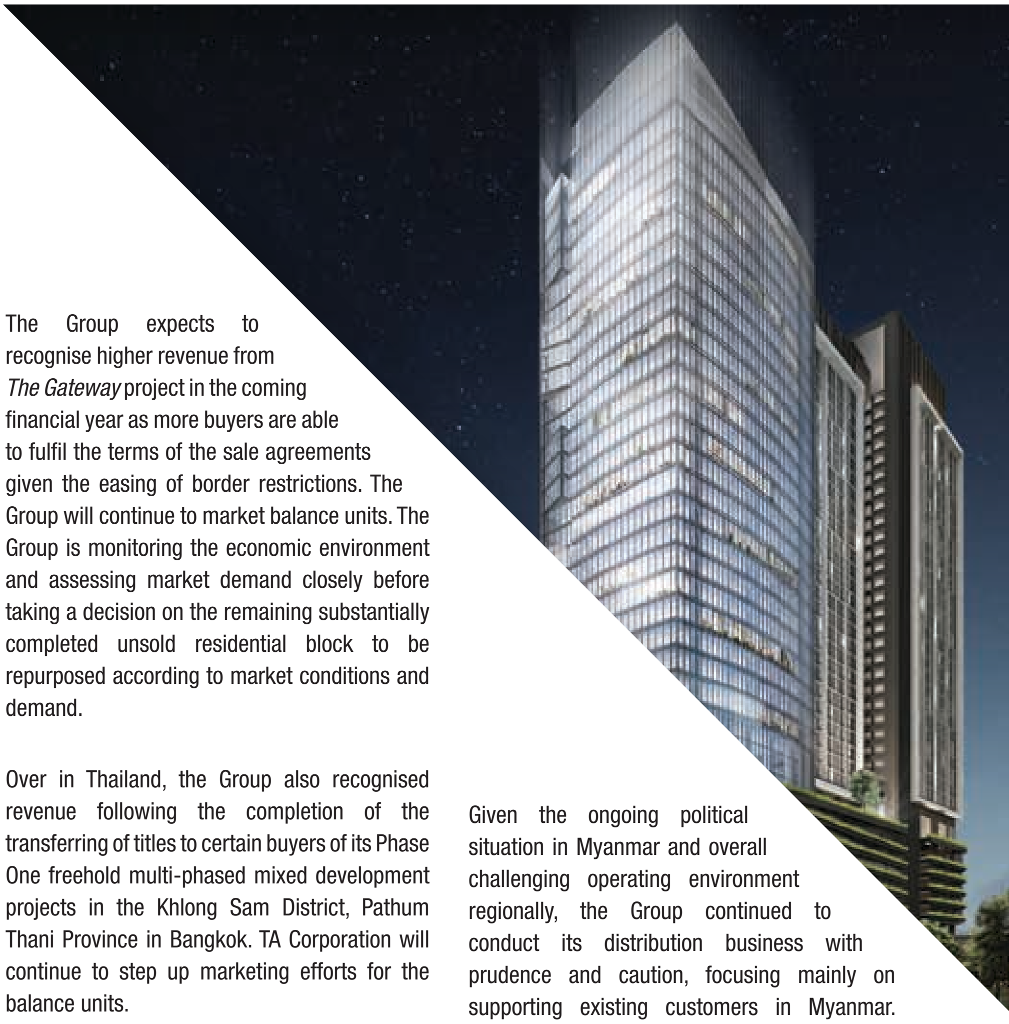
Demand for work pass workers is expected to remain robust in line with the BCA estimating that Singapore's construction sector contracts will likely return to near pre COVID-19 levels. The inflationary pressure and rising interest rates that the Group is facing is expected to be alleviated by high occupancy and improved bed rates going forward.

The Group shall remain agile and will calibrate its spaces and operations to ensure minimum impact from the impending dormitory transition scheme.

REAL ESTATE DEVELOPMENT

During the year under review, the Group's Real Estate Development segment registered revenue of S$120.0 million, an increase of S$118.6 million compared to S$1.4 million for FY2021, due to revenue recognised from the disposal of development in Singapore and units sold under the Group's overseas development projects in Cambodia and Thailand.

The Group is in the process of handing over sold units of its iconic twin tower mixed-use development in the Central Business District of Phnom Penh – The Gateway to its buyers, and was able to record revenue of S$31.5 million after transferring of titles of certain sold units to certain buyers who had fulfilled the terms of the sales agreements.



The Group expects to recognise higher revenue from *The Gateway* project in the coming financial year as more buyers are able to fulfil the terms of the sale agreements given the easing of border restrictions. The Group will continue to market balance units. The Group is monitoring the economic environment and assessing market demand closely before taking a decision on the remaining substantially completed unsold residential block to be repurposed according to market conditions and demand.

Over in Thailand, the Group also recognised revenue following the completion of the transferring of titles to certain buyers of its Phase One freehold multi-phased mixed development projects in the Khlong Sam District, Pathum Thani Province in Bangkok. TA Corporation will continue to step up marketing efforts for the balance units.

DISTRIBUTION BUSINESS

The Group's Distribution segment covers a broad product portfolio and geographical reach across Southeast Asia, and operated via subsidiaries and joint venture companies. The Group's product portfolio includes high-performance motor oils and lubricants in Singapore, Myanmar and Thailand, as well as construction equipment, heavy commercial vehicles, trucks, buses, passenger vehicles, and automotive spare parts in Myanmar.

In FY2022, the Group reported revenue of S$9.7 million for the distribution segment, compared to S$11.7 million in FY2021 was mainly attributable to lower revenue contribution from the lubricant business in Singapore and Myanmar.

Given the ongoing political situation in Myanmar and overall challenging operating environment regionally, the Group continued to conduct its distribution business with prudence and caution, focusing mainly on supporting existing customers in Myanmar. Going forward, the Group will focus efforts on targeted growth sectors with minimum risk to navigate the challenging business environment.

LOOKING AHEAD

The recent surge in interest rates by the US Federal Reserve has resulted in a higher cost of financing. Coupled with increased inflationary pressures and supply chain disruption stemming from geopolitical tensions, the prices of essential materials and labour have significantly increased. The Group is closely monitoring the situation and the impact on the Group's businesses in these markets. Against this backdrop, the Group strives to ensure commercial agility, business resilience and sustainability for each of our business units.

CHAIRMAN'S STATEMENT

Leveraging on our proven track record and reputation as a reliable building contractor, the Group will continue to be prudent in tendering for more construction projects where we have the requisite track record, experience and capabilities to ensure a consistently strong order book for sustainable growth. Given the prevailing macroeconomic environment and market conditions, the Group will be selective in tendering for new projects.

The Group's purpose-built dormitory *Tuas South Dormitory's* occupancy and bed rate are expected to continue to improve in tandem with the increasing arrivals of work pass workers to Singapore. Demand for work pass workers is expected to remain robust in line with BCA estimating that Singapore's construction sector contracts will likely return to near pre COVID-19 levels. Demand from other sectors such as marine and process sectors are also expected to drive demand for accommodation of these migrant workers. The inflationary pressure and rising interest rates that the Group is facing is expected to be alleviated by high occupancy and improved bed rates going forward.

Meanwhile, the Group's overseas property development projects in Thailand and in Cambodia were both substantially completed in FY2022. With the opening of borders from more countries, the Group expects to recognise more revenue from *The Gateway* project upon the transfer of strata title to its buyers as the Group adopted point in time accounting principle in recognising its overseas property development projects.

The outlook remains cloudy in the regional markets where the Group operates, amidst the continuing pandemic and potential impact of geopolitical conflict adding further uncertainties to the operating landscape going forward.

In view of the challenges from the COVID-19 outbreak since FY2020, the Group remains financially prudent and maintains operational agility to conserve essential resources to prepare for the post pandemic recovery process. The Group will continue to prioritise cost control and exercise caution when exploring business opportunities in the region.

WORDS OF APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to thank the Group's staff for demonstrating solidarity and commitment over the past years. I would also like to express my appreciation to the Board members for their advice and guidance. And a special word of thanks to our business partners, customers, and other stakeholders – for your unwavering support, without which all of our efforts would have been futile. We look forward to your continued support.

LIONG KIAM TECK
Executive Chairman
April 11, 2023

[1] MTI Maintains 2023 GDP Growth Forecast at 0.5 to 2.5 Per Cent" – Ministry of Trade and Industry Singapore, February 13, 2023

OPERATIONS REVIEW

Into the third year of the COVID-19 pandemic, Singapore has found its way towards the new norm, with various restrictions and safe management measures being dropped progressively in 2022. According to the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 3.6% for the whole of 2022[1]. The construction sector posted overall growth of 6.7% in 2022, supported by both public and private sector construction works.

Going into 2023, the Building and Construction Authority ("BCA")[2], expects Singapore's construction demand to remain strong. Total construction demand in 2023 is projected to range between S$27 billion and S$32 billion, similar to its projection for 2022.

Against this backdrop, TA Corporation remains prudent and agile to tap opportunities and manage business risks. Over the years, the Group has diversified its income streams to strengthen its ability to withstand challenges, the Group will leveraging on the core capabilities in its diversified business segments as well as established reputation as a reliable building contractor with more than 50 years' experience.

Overall, the Group's FY2022 revenue increased by S$147.5 million or 67.6% to S$365.7 million, compared to S$218.2 million in the previous year.

CONSTRUCTION

Backed by the Group's strong track record and experience, the construction business continues to be its main revenue driver. Contributions from the Construction segment increased 15.0% year-on-year to S$209.0 million, making up 58.0% of the Group's revenue for FY2022. This was due to higher revenue recognised from progressive construction work for projects.

The recovery of Singapore's construction industry gained pace during the year under review, with the lifting of border restrictions on migrant workers partially easing the labour shortage situation in Singapore. Still, the industry continued to face challenges including rising interest rates and supply chain disruptions which affected costs of building materials and overall construction costs.

Leveraging on the Singapore government's drive to adopt Design for Manufacturing and Assembly ("DfMA") and Prefabricated Bathroom Unit ("PBU") to enhance productivity and reduce reliance on labour, the Group's pre-cast concrete components factory in Johor, Malaysia continued to benefit from the burgeoning demand from property and construction businesses.

The Group also expect to tap the growth potential of Steel Prefabricated Prefinished Volumetric Construction ("PPVC Systems") under the in-principle acceptance obtained from Building and Construction Authority for the use of its Steel Prefabricated Prefinished Volumetric Construction – ADD Modular (2016) for building projects in Singapore. While PPVC Systems have yet to be widely adopted in the Singapore construction industry, industry players are increasingly viewing it as an efficient building solution compared to current construction processes in light of rising construction costs and labour shortage.

TA Corporation is also involved in the design, installation and maintenance of Air-Conditioning & Mechanical Ventilation ("ACMV") systems through its subsidiary, Aston Air Control Pte Ltd ("Aston"). For more than 20 years, Aston has serviced mainly residential and industrial customers in Singapore and expanded regionally to the Cambodian market in 2014.

In Singapore, Aston has, over the years, expanded its customer base by securing projects to install and maintain ACMV systems for new large-scale private condominium projects. Aston has also made good progress in the industrial segment, serving customers requiring ACMV systems to data and server rooms. In Cambodia, Aston continued to seek third-party projects that requires ACMV systems in both residential and industry segments.

The Group also provides complementary services to its construction segment including fabrication of metal works, erection of building structural steels and management and maintenance of its construction machinery through its wholly-owned subsidiary, Credence Engineering Pte. Ltd.

In addition to supporting its construction segment, Credence has since expanded into the provision of services to third-party public and private sector projects.

TA Corporation remains committed to the smooth execution of its order book of S$104.7 million as at December 31, 2022, to be delivered progressively over the contract period. Given the Group's ability to undertake a wide variety of projects including residential, industrial, commercial and institutional developments, TA Corporation will endeavour to secure more projects to build upon its order book.

REAL ESTATE INVESTMENT

In recent years, the Real Estate Investment segment has grown to be a major contributor of recurring income to the Group. Within this segment, the Group owns and operates more than 55,000 square metres of investment property space, comprising the Group's dormitory business – *Tuas South Dormitory* – with more than 10,000 beds catered to migrant workers in Singapore.

On the back of the relaxation of border controls since FY2022, this has boosted the inflow of migrant workers into Singapore, given the demand from the construction and other services sector. The Group recorded a revenue of S$26.9 million in FY2022 for the Real Estate Investment segment, an increase of 15.9% from S$23.2 million in FY2021, mainly attributable to the improvement in bed rates and occupancy for the Group's *Tuas South Dormitory*.

Apart from the dormitory business, the Group also generated rental income via commercial space owned in Singapore.

REAL ESTATE DEVELOPMENT

The Group's Real Estate Development segment recorded revenue of S$120.0 million for FY2022, an increase of S$118.6 million compared to S$1.4 million for FY2021. This was mainly due to revenue recognised from the disposal of development in Singapore and units sold under the Group's overseas development projects.

In Cambodia, the Group's iconic twin tower mixed-use development, *The Gateway*, located in the Central Business District of Phnom Penh, Cambodia has been substantially completed. The Group has since started the process of handing over the sold units in *The Gateway*'s 36-storey Grade A office tower and 39-storey residential tower to its buyers, these office tower and residential tower were completed in 2021.

In FY2022, the Group recognised revenue of S$31.5 million from *The Gateway* project after the completion of the transferring of titles to certain unit buyers who had fulfilled the terms of the sales agreement. The Group expects to recognise higher revenue from *The Gateway* project in the coming financial year as more buyers are expected to fulfil the terms of the sale agreement by taking possession of the units upon the easing of border restrictions in FY2023.

The marketing of the balance units is continuing, and the Group expects to secure more sales given the easing of the border restrictions

OPERATIONS REVIEW

and the "normalising" of the industries and market conditions in Cambodia in FY2023. In addition, the Group is monitoring the economic environment and assessing market demand closely before taking a decision on the remaining residential block, which is substantially completed and can be repurposed according to the market conditions and demand.

In Thailand, the Group has also recognised revenue in FY2022 under its Phase One freehold multi-phased mixed development projects in the Khlong Sam District, Pathum Thani Province in Bangkok after the completion of the transferring of titles to certain buyers who has fulfilled the terms of the sales agreement. TA Corporation will continue to step up marketing efforts for the balance units.

In Singapore, the Group's 20%-owned associate FSKH Development Pte Ltd has obtained Temporary Occupation Permit for its 265-unit 99-year leasehold residential development – *The Antares* in December 2022.

DISTRIBUTION BUSINESS

In FY2022, the Group registered revenue of S$9.7 million for the Distribution segment through its wholly-owned Sino Tac Resources Pte Ltd and 51%-owned subsidiary, Que Holdings Pte. Ltd. The decrease of S$2.0 million compared to S$11.7 million in FY2021 was mainly attributable to lower revenue contribution from the lubricant business in Singapore and Myanmar.

Into the second year of the military coup, Myanmar's state of emergency remained in place, and this has been extended to August 2023, following the announcement back in August 2021.

The Group's subsidiaries under its distribution arm hold sub-distributorships to Repsol's lubricants and other related products in Singapore, and Business-to-Business ("B2B") and Business-to-Consumer ("B2C") distributorships of Shell's automotive and industrial lubricants in Myanmar.

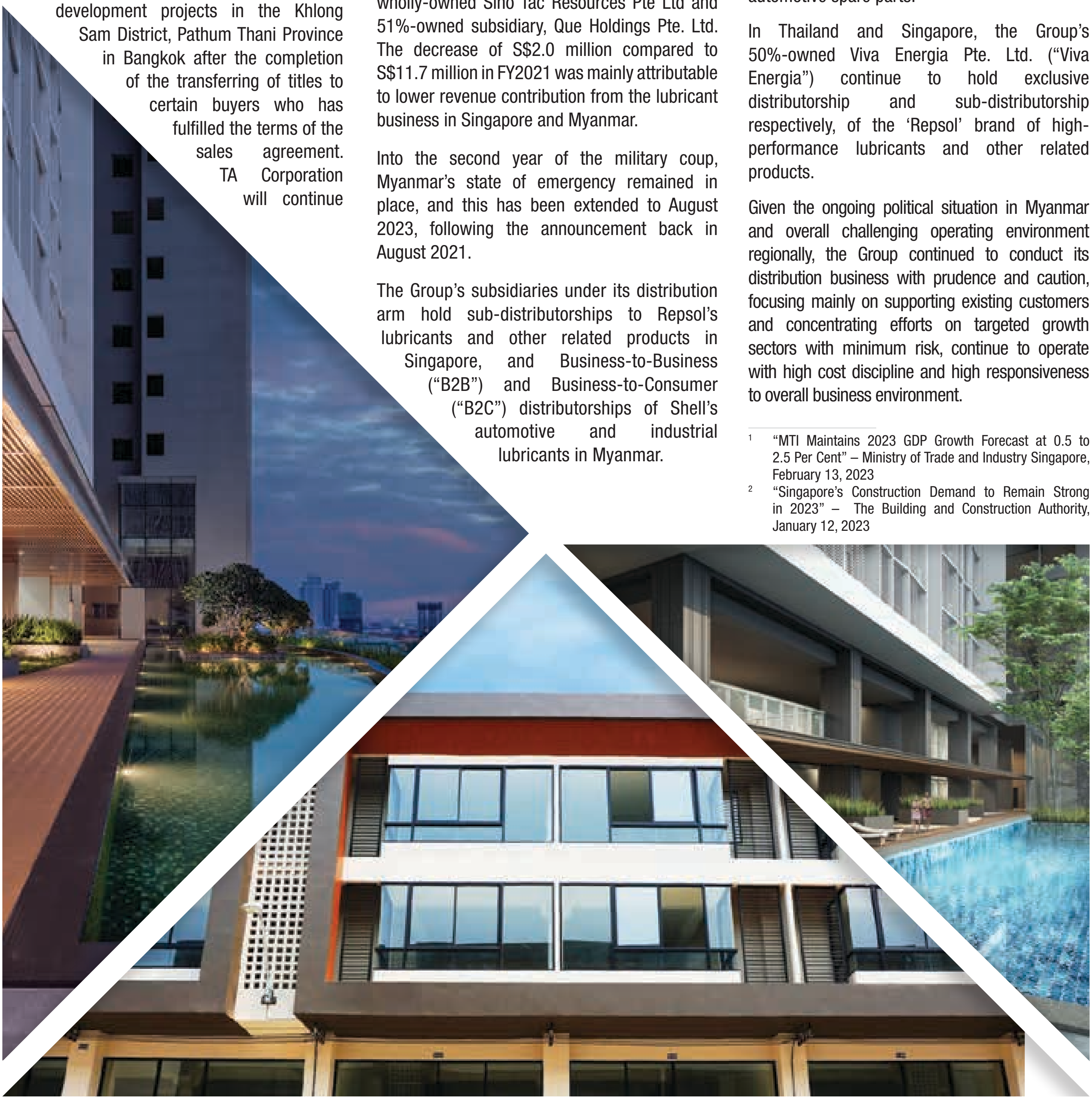
The Group's 50%-owned Eternal Synergy Pte. Ltd. ("Eternal Synergy") distributes the 'GS Caltex' brand of lubricants and related products in Myanmar, while the Group's 50%-owned Synergy Truck Pte Ltd. ("Synergy Truck") is one of Myanmar's leading commercial vehicles and construction equipment distributor. Synergy Truck distributes trucks, buses, vans and other commercial vehicles, as well as automotive spare parts under the 'Iveco' brands, along with 'CASE' construction equipment and automotive spare parts.

In Thailand and Singapore, the Group's 50%-owned Viva Energia Pte. Ltd. ("Viva Energia") continue to hold exclusive distributorship and sub-distributorship respectively, of the 'Repsol' brand of high-performance lubricants and other related products.

Given the ongoing political situation in Myanmar and overall challenging operating environment regionally, the Group continued to conduct its distribution business with prudence and caution, focusing mainly on supporting existing customers and concentrating efforts on targeted growth sectors with minimum risk, continue to operate with high cost discipline and high responsiveness to overall business environment.

1 "MTI Maintains 2023 GDP Growth Forecast at 0.5 to 2.5 Per Cent" – Ministry of Trade and Industry Singapore, February 13, 2023

2 "Singapore's Construction Demand to Remain Strong in 2023" – The Building and Construction Authority, January 12, 2023



FINANCIAL HIGHLIGHTS

GROUP REVENUE
($'MILLION)

FY2018	134.8
FY2019	198.2
FY2020	161.9
FY2021	218.2
FY2022	365.7

CONSTRUCTION
($'MILLION)

FY2018	89.4
FY2019	153.7
FY2020	117.2
FY2021	181.8
FY2022	209.0

REAL ESTATE DEVELOPMENT
($'MILLION)

FY2018	0.8
FY2019	0.6
FY2020	0.04
FY2021	1.4
FY2022	120.0

REAL ESTATE INVESTMENT
($'MILLION)

FY2018	19.5
FY2019	22.5
FY2020	21.9
FY2021	23.2
FY2022	26.9

DISTRIBUTION
($'MILLION)

FY2018	25.1
FY2019	21.4
FY2020	22.9
FY2021	11.8
FY2022	9.8

GROSS PROFIT
($'MILLION)

FY2018	29.1
FY2019	35.3
FY2020	8.1
FY2021	19.9
FY2022	52.4

PROFIT (LOSS) AFTER TAX
($'MILLION)

FY2018	(13.1)
FY2019	(10.8)
FY2020	(57.7)
FY2021	(36.4)
FY2022	26.9

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY
($'MILLION)

FY2018	172.4
FY2019	162.3
FY2020	106.9
FY2021	68.9
FY2022	79.6

GEARING RATIO
(TIMES)

FY2018	2.3
FY2019	2.5
FY2020	4.2
FY2021	6.3
FY2022	3.0

NET ASSET VALUE PER SHARE[1]
(CENTS)

FY2018	33.3
FY2019	31.3
FY2020	20.6
FY2021	13.3
FY2022	15.4

EARNINGS (LOSS) PER SHARE[2]
(CENTS)

FY2018	(2.9)
FY2019	(2.1)
FY2020	(10.8)
FY2021	(7.1)
FY2022	2.34

[1] Based on issued share capital of 518,068,220 shares for FY2022, FY2021, FY2020, FY2019 and FY2018.

[2] Based on weighted average number of 518,068,220 shares for FY2022, FY2021, FY2020 and FY2019, and 510,533,049 shares for FY2018.

BOARD OF DIRECTORS

MR. LIONG KIAM TECK
Executive Chairman

Mr. Liong Kiam Teck was appointed to the Board on March 7, 2011 and was last re-elected as a Director on May 25, 2021. As the Group's Executive Chairman, Mr. Liong is responsible for the overall development of our Group's corporate direction and policies and plays an active role in the development, maintenance and strengthening of client relations. His other responsibilities also include overall business development, strategic planning, and project management.

Mr. Liong is one of the founders of our Group and has over 46 years of management experience.

Over the years, he has established a network of relationships with developers, customers, consultants and architects within the construction industry. Mr. Liong completed his General Certificate of Education ("GCE") "O" level examination in 1967.

MR. NEO TIAM BOON, PBM
Chief Executive Officer and Executive Director

Mr. Neo Tiam Boon, PBM was appointed to the Board on March 7, 2011 and was last elected as a director on May 9, 2022. Mr. Neo is the Group's Chief Executive Officer and Executive Director of TA Corporation Ltd, an established property and construction group with a growing suite of businesses in distribution and real estate development and investment, listed on the Mainboard of the Singapore Exchange.

A management veteran, Mr. Neo has over 26 years of management experience. He helms overall business development, financial and strategic planning as well as human resources at TA Corporation.

Mr. Neo joined TA Corporation in 1996 and spearheaded the Group's strategy and tactical diversification of its business model beyond construction, to expand its income streams for long term sustainable growth. Under his leadership, TA Corporation diversified into the real estate development, distribution and real estate investment businesses. Mr. Neo played an instrumental role in leading the Group's successful regionalization into fast-growing markets such as Thailand, Cambodia, India, Malaysia, China, and Myanmar.

In recent years, Mr. Neo was pivotal in leading the Group through its transformation from a traditional construction company to one that is based on technological advances and upstream production of precast components and PPVC.

Mr. Neo believes in giving back to society and championing causes for education. He currently sits on the Board of Governors for the UOB-SMU Asian Enterprise Institute, a partnership between United Overseas Bank, Singapore Management University and local enterprises. He plays a critical advisory role in providing strategic guidance and facilitating the exchange of knowledge and resources to support the growth and development of local enterprises and students. Mr. Neo is also involved in giving public seminar and talks at the Business Families Institute @ Singapore Management University on managing family business. He is also an active grassroots leader, having served in various capacities for more than 26 years.

Mr. Neo graduated with a Bachelor of Science in Business Administration from the University of Arkansas in 1986. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) by the President of the Republic of Singapore in 2005 in recognition for his public service and community work.

MR. NEO THIAM AN
Alternate Director to Mr. Neo Tiam Boon

Mr. Neo Thiam An was an Executive Director of the Company until his stepping down as Executive Director on April 25, 2019. He was then appointed to the Board as an Alternate Director to Mr. Neo Tiam Boon on April 25, 2019. He is in charge of the management of the site operations of developments for external developers as well as our own in-house developments. Mr. Neo has been with the Group since 1977 and has over 42 years of management experience.

Over the years, he has established a network of relationships with developers, customers, consultants and architects within the construction industry. Mr. Neo completed his GCE "A" levels in 1976.

BOARD OF DIRECTORS

MR. NEO TIAM POON @ NEO THIAM POON
Alternate Director to Mr. Liong Kiam Teck

Mr. Neo Tiam Poon @ Neo Thiam Poon was an Executive Director of the Company until his stepping down as Executive Director on April 25, 2019. He was then appointed to the Board as an Alternate Director to Mr. Liong Kiam Teck on April 25, 2019. He is in charge of the overall project management of our various construction projects, conducts periodic quality and safety checks to ensure that quality and safety management systems are adhered to closely. He is also in-charge of the pre-cast concrete manufacturing business. Mr. Neo has been with us since 1976 and has over 46 years of management experience.

Over the years, he has established a network of relationships with developers, customers, consultants and architects within the construction industry. Mr. Neo completed his GCE "A" levels in 1973.

MR. FONG HENG BOO
Lead Independent Director

Mr. Fong Heng Boo was appointed as the Company's Lead Independent Director on December 1, 2017 and was last re-elected as a Director on May 25, 2021. He is also appointed as the Chairman of the Audit Committee and the Remuneration Committee and is a member of the Nominating Committee.

In 1975, Mr. Fong was with the Auditor-General's Office ("AGO"), Singapore and held the position of Assistant Auditor-General when he left AGO in 1993. Prior to his retirement in December 2014, Mr. Fong was the Director (Special Duties) at the Singapore Totalisator Board where he led the Finance and Investment functions.

Mr. Fong has over 49 years of experience in auditing, finance, business development and corporate governance. He graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973.

Currently, Mr. Fong is also an Independent Director of three other companies listed on the Singapore Exchange Securities Trading Limited.

MR. MERVYN GOH BIN GUAN
Independent Director

Mr. Mervyn Goh Bin Guan was appointed as the Company's Independent Director on September 20, 2011 and was last re-elected as a Director on May 26, 2020. He serves as the Chairman of the Nominating Committee and is a member of the Audit Committee and the Remuneration Committee.

Mr. Goh is currently a consultant with Lawhub LLC. Prior to this, he was the Vice President (Legal) for The Great Eastern Life Assurance Company Limited from 2008 to 2010, a partner with Wee Woon Hong & Associates from 2006 to 2008, and a partner with Chui Sim Goh & Lim from 1994 to 2006. Mr. Goh graduated from the National University of Singapore with a Bachelor of Laws (Honours) in 1989 and was called to the Singapore Bar in 1990. Mr. Goh also previously served as a committee member in the Kampong Kembangan Community Club Management Committee from 2005 to 2010.

Mr. Goh, who has served as Director for more than nine years, had sought and was approved by shareholders under the two-tiered voting at the Company's annual general meeting held on May 25, 2021 to continue in office as an Independent Director. However, Rule 210(5)(d)(iii) was deleted effective from January 11, 2023.

Under the new Listing Rule 210(5)(d)(iv) effective from January 11, 2023 and Transitional Practice Note 4 of the Listing Rules, Mr. Goh will be considered independent until the Company's annual general meeting in 2024 for the financial year ending December 31, 2023.

MR. PANG TENG TUAN
Independent Director

Mr. Pang Teng Tuan was appointed as the Company's Independent Director on December 3, 2018 and was last re-elected as a Director on May 9, 2022. He serves as a member of the Audit Committee and the Remuneration Committee.

Mr. Pang is a director of Serenade Capital Advisors, an advisory firm that provides corporate advisory service from 2005. He was vice president of private equity, investment management for The Great Eastern Life Assurance Company Limited from 2008 to 2013. From 2007 to 2008, he was head of strategic investments and investor relations for a SGX listed semi-conductor equipment manufacturer. From 2005 and 2006, he was vice president, business development for NatSteel Asia and from 2003 to 2005, he was with the investment banking department of Hong Leong Bank (Singapore). Mr. Pang started his career as a corporate advisory consultant with Ernst and Young. He graduated from Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a CPA with CPA Australia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liong Kiam Teck
Executive Chairman
Neo Tiam Boon, PBM
Chief Executive Officer and Executive Director
Fong Heng Boo
Lead Independent Director
Mervyn Goh Bin Guan
Independent Director
Pang Teng Tuan
Independent Director
Neo Tiam Poon @ Neo Thiam Poon
Alternate Director to Mr. Liong Kiam Teck
Neo Thiam An
Alternate Director to Mr. Neo Tiam Boon

AUDIT COMMITTEE

Fong Heng Boo (Chairman)
Mervyn Goh Bin Guan
Pang Teng Tuan

NOMINATING COMMITTEE

Mervyn Goh Bin Guan (Chairman)
Fong Heng Boo
Neo Tiam Boon, PBM

REMUNERATION COMMITTEE

Fong Heng Boo (Chairman)
Mervyn Goh Bin Guan
Pang Teng Tuan

COMPANY SECRETARIES

Foo Soon Soo
Tam Siew Kheong

INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
80 Robinson Road
#25-00
Singapore 068898
Director-in-charge: Lee Tze Shiong
(Appointed since November 24, 2022)

PRINCIPAL BANKERS

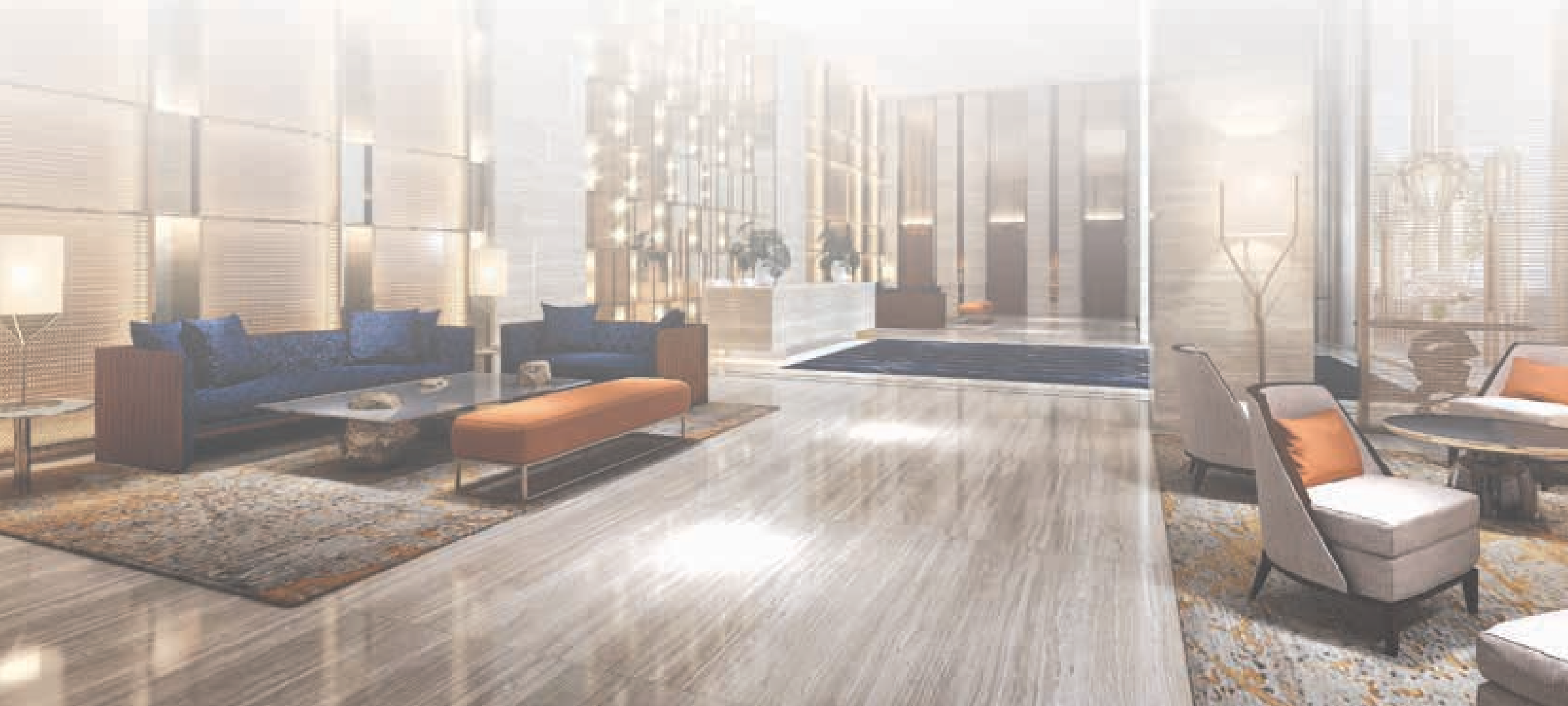
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road #06-03
Robinson 77
Singapore 068896

REGISTERED OFFICE

1 Jalan Berseh #03-03
New World Centre
Singapore 209037
Website: www.tiongaik.com.sg



STATEMENT OF CORPORATE GOVERNANCE

TA Corporation Ltd (the "Company") and its subsidiaries (the "Group") are committed to ensuring and maintaining high standard of corporate governance. This report sets out the Group's corporate governance practices for the financial year ended December 31, 2022 ("FY2022") with reference to the Code of Corporate Governance 2018 (the "Code") issued on August 6, 2018 and accompanying Practice Guidance (updated on January 11, 2023). The Company has complied in all material aspects with the principles and guidelines of the Code as well as compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. Where there are deviations from the Code, explanations have been provided.

BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board of Directors of the Company (the "Board") provides leadership to the Group by setting the corporate policies and strategic directions. The Board oversees the Group's affairs and is accountable to shareholders for the management of the Group business and its performance. The Board has in place a Code of Conduct and Ethics which sets the appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Group. The Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. The Board has a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and the matters that are specifically reserved to the Board for approval.

The Board Charter sets out the principal responsibilities of the Board as follows:

(a) provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) review management performance;

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

(e) set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues as part of its strategy.

Matters specifically reserved for the Board's decision are set out in the Board Charter:

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) strategic policies of the Group;

(c) material acquisitions and disposal of assets;

(d) corporate or financial restructuring;

(e) share issuances, interim dividends and other returns to shareholders; and

(f) any investment or expenditure not in the ordinary course of business and where the amount falls within Rule 1004(b) to (d) of the Listing Manual of the SGX-ST.

STATEMENT OF CORPORATE GOVERNANCE

The present Board comprises five members, three of whom are independent directors. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Mr. Liong Kiam Teck *(alternate: Mr. Neo Tiam Poon @ Neo Thiam Poon)*	Executive Chairman
Mr. Neo Tiam Boon *(alternate: Mr. Neo Thiam An)*	Chief Executive Officer and Executive Director and member of Nominating Committee ("NC")
Mr. Fong Heng Boo	Lead Independent Director, Chairman of Audit Committee ("AC") and Remuneration Committee ("RC") and member of NC
Mr. Mervyn Goh Bin Guan	Independent Director, member of AC and RC and Chairman of NC
Mr. Pang Teng Tuan	Independent Director, member of AC and RC

The Board is accountable to the shareholders and the Directors are aware of their duties at law which requires them to act in good faith and the best interests of the Company and to comply with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Rules to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking by the CFO in his capacity as Executive Officer.

In carrying out and discharging its duties and responsibilities efficiently and effectively, the Board is assisted by various Board Committees namely the AC, the NC and the RC without the Board abdicating its responsibilities.

These Committees function within clearly defined terms of references and operating procedures, including procedures for dealing with conflicts of interest, which are reviewed on a regular basis. A Board Committee member is required to disclose his interest and recuse himself from discussions and decisions involving a conflict of interest. The Board also constantly reviews the effectiveness of each committee

(Please refer to Principles 4 to 10 herein for further information on the activities of the NC, RC and AC respectively.)

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the Board members. The Company's Constitution allows the Board meetings to be conducted by way of telephonic or video conference meetings.

Directors' attendance at Board and Board Committees meetings in FY2022 is disclosed below:

	Board	Audit	Remuneration	Nominating
Number of meetings held	6	6	1	1
Name of Directors	**Number of meetings attended**			
Mr. Liong Kiam Teck (alternate: Mr. Neo Tiam Poon @ Neo Thiam Poon)	6	6*	1*	1*
Mr. Neo Tiam Boon (alternate: Mr. Neo Thiam An)	6	6*	1*	1
Mr. Fong Heng Boo	6	6	1	1
Mr. Mervyn Goh Bin Guan	6	6	1	1
Mr. Pang Teng Tuan	6	6	1	1*

N.A. – The Director is not a member of the Board Committees.
* Attended the meeting as invitee

STATEMENT OF CORPORATE GOVERNANCE

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodic reviews, provision of guidance and advice on various matters relating to the Group.

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations, and where appropriate, incorporating processes to deal with possible conflicts of interest that may arise.

Incoming Directors joining the Board will be briefed by the NC on their Directors' duties and obligations and be introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive and trade sensitive information. First-time Directors appointed to the Board will also receive briefings on areas such as accounting, legal and key developments in industries where the Group operates and will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by SGX-ST.

The incoming Directors will meet the senior management and the Company Secretaries to familiarize themselves with their roles, organization structure and business practices. This will enable them to get acquainted with senior management and the Company Secretaries thereby facilitating board interaction and independent access to senior management and the Company Secretaries.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The management also provides the Board with regular management reports, whenever necessary and Board papers are sent to Directors before each Board and Board Committee meetings.

For the year under review, the Directors are continually and regularly updated on the Group's business and governance practices. On a half yearly basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. Briefings and updates provided for Directors for the financial year ended December 31, 2022 include the following:

- The external auditors briefed the AC members on respective updates on financial reporting standards relevant to the Group.

- The Board was briefed on relevant rules and regulations including requirements of the SGX-ST's listing rules, the provisions of the Companies Act and the Code by the Company Secretaries.

- The CEO updates the Board on the Group's business and strategic developments at each Board meeting.

- Management highlights salient issues as well as risk management considerations for industries and regions where the Group operates.

All Directors had attended the sustainability training conducted by Singapore Institute of Directors as prescribed by the SGX-ST.

The Directors can request for further explanations, briefings or information on any aspect of the Group's operations or business issues from management.

The Board has unrestricted access to the Company's records and information. The Board has separate and independent access to the Company Secretaries and senior management of the Company and of the Group at all times in carrying out their duties. The Company Secretaries attend all Board meetings and meetings of the Committees of the Company where necessary and ensure that Board procedures are followed and that applicable laws, rules and regulations are complied with.

The appointment and the removal of the Company Secretaries are subject to the Board's approval.

The Board takes independent professional advice as and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

STATEMENT OF CORPORATE GOVERNANCE

The Board recognises the importance of the Company's responsibility to achieve sustainable business growth in terms of corporate social responsibility ("CSR") and environment conservation for the communities in which the Group operates. The Group's CSR and various initiatives are set out in the Sustainability Report. In accordance with the Listing Rules of SGX-ST, the Group will issue its sustainability report in respect of its financial year ended December 31, 2022 by April 30, 2023. The sustainability report will be posted on SGXNET and the corporate website. In compliance with new Listing Rules that take effect from January 1, 2022, the sustainability reporting process is subjected to internal review and the Directors have undergone sustainability training as prescribed by SGX-ST.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The present Board comprises five members, three of whom forming a majority are Independent Directors, with one of them being a Lead Independent Director.

Under Provision 2.2 of the Code, the Independent Directors should make up at least a majority of the Board where the Chairman and the CEO are immediate family members; and where the Chairman is part of the management team or is not an Independent Director. The Company has complied with the Code.

The criterion for independence is based on the definition given in the Code and the Listing Rules of SGX-ST. The Code has defined an "Independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interest of the Company. Under the Listing Rules of SGX-ST, an Independent Director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

For the purpose of determining Directors' independence, every Independent Director has provided declaration of his independence, confirming their independence in accordance with the criteria under the Code and the Listing Rules. Except for the Executive Directors, all the other Directors on the Board are considered by the NC and the Board to be Independent Directors. At all times, the Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group. Mr. Fong Heng Boo and Mr. Mervyn Goh, NC members abstained from the NC's deliberation in respect of their independence.

Under the Listing Rule 210(5)(d)(iii) which took effect from January 1, 2022, an Independent Director will not be considered independent if he has served on the Board for an aggregate period of more than nine years unless he had obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer and their associates.

Mr. Mervyn Goh who has served as Director for more than nine years had sought and was approved by shareholders under the two-tiered voting at the Company's annual general meeting held on May 25, 2021 to continue in office as an Independent Director. However, Rule 210(5)(d)(iii) was deleted effective from January 11, 2023.

Under new Listing Rule 210(5)(d)(iv) effective from January 11, 2023 and Transitional Practice Note 4 of the Listing Rules, and Independent Director who has been a director for more than nine years may continue to be considered independent until the conclusion of the next annual general meeting for the financial year ending on or after December 31, 2023. Mr. Mervyn Goh will be considered independent until the Company's annual general meeting in 2024 for the financial year ending December 31, 2023.

The Company has in place a Board Diversity Policy, which endorses the principle that the Board should have a balance of skill, knowledge, experience and diversity of perspectives to ensure effective decision making and governance of the Company and its businesses.

STATEMENT OF CORPORATE GOVERNANCE

The NC annually reviews and assesses the Board composition and recommends the appointment of new directors, where applicable. For new and continuing appointments, the NC will consider factors such as skills, experience, age, gender, educational and professional background, tenure of service and other relevant personal attributes that are important and needed to support good decision making at the Board level. Core competencies, which are taken into account in the selection and appointment of Directors, include banking, finance, accounting, business and management experience, industry, legal and information technology knowledge, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. As gender is an important aspect of diversity, the NC will strive to ensure that the search for candidates for Board appointments will include female candidates that meet the set requirements for a new candidate.

All Board appointments will be made on merit, taking into account the skills, experience, independence and knowledge that the particular director can bring to the Board and with due regards for the benefits of diversity on the Board.

The NC has reviewed the current composition of the Board and is of the view that the Board is of the appropriate size taking into account the scope and nature of the operations of the Group and the requirements of the business. The NC views the current Board as comprising persons whose diverse skills, experience and attributes provide for effective direction for the Group. The current Board comprises individuals who are professionals with banking, finance, accounting, business and management experience, industry, legal and information technology knowledge, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. The Management will continue to benefit from the Directors' respective expertise and diverse background.

Details of the Directors' academic and professional qualification are set out in Board of Directors' section of this Annual Report.

The Company does not have any Non-Executive and Non-Independent Director. During the year, the Independent Directors led by the Lead Independent Director constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the Independent Directors. They communicate among themselves without the presence of Management as and when the need arises. Management has ready access to its Directors (including the Independent Directors) for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the CEO are separate persons to ensure an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability.

The Executive Chairman, Mr. Liong Kiam Teck, leads the Board and ensures its effectiveness by promoting a culture of openness and debate at the Board steering effective, productive and comprehensive discussions amongst Board members and the Management team on strategic, business and other key issues pertinent to the business and operations of the Group. His responsibilities also include making sure that Directors are provided with clear, complete and timely information in order to make sound and informed decisions.

The CEO and Executive Director, Mr. Neo Tiam Boon is responsible for executing the Group's strategies and policies and has overall responsibility of the Company's operations and organisational effectiveness. He is accountable to the Board for the conduct and performance of the respective business operations under his charge. The Executive Chairman works closely with the CEO on matters to be tabled at meetings as well as in ensuring that Board members receive accurate, timely and clear information. As such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

STATEMENT OF CORPORATE GOVERNANCE

As Chairman, Mr. Liong's responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- scheduling of meetings (with assistance from the Company Secretaries) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- reviewing most board papers before they are presented to the Board;
- ensuring effective communication with shareholders; and
- promoting corporate governance.

The Executive Chairman and the CEO are immediate family members and are part of the management team. Accordingly, in compliance with Provision 3.3 of the Code, the Company had appointed Mr. Fong Heng Boo as the Lead Independent Director. As Lead Independent Director, he is the principal liaison on Board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and Executive Director has failed to resolve or is inappropriate. The Company has posted the contact of the Lead Independent Director on its corporate website to facilitate shareholders and other stakeholders who wish to communicate with the Lead Independent Director.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-election of directors, taking into account the need for progressive renewal of the Board.

The NC comprises three members, majority of whom including its Chairman are Independent Directors. The members of the NC are:

Mr. Mervyn Goh Bin Guan	Chairman	Independent Director
Mr. Fong Heng Boo	Member	Lead Independent Director
Mr. Neo Tiam Boon	Member	CEO and Executive Director

The NC has written terms of reference, under which the key functions of the NC are as follows:

(a) review of Board succession plans for Directors, in particular, the Chairman, CEO and key management personnel;

(b) develop a process for evaluation of the performance of the Board, its Board Committees and Directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual Directors, including setting a limit on multiple board representations for Directors where applicable;

(c) review the training and professional development programs for the Board;

(d) recommend to the Board the appointment and re-election of Directors; and

(e) assess the independence of Independent Directors.

The NC has in place a board succession plan for Directors, in particular, the Executive Chairman and CEO. The NC has reviewed contingency arrangements for any unexpected incapacity of the CEO or any of the top management personnel and is satisfied with procedures in place to ensure a transition to a full operational management team.

STATEMENT OF CORPORATE GOVERNANCE

Each Independent Director completes a declaration to confirm his independence on an annual basis. The NC has reviewed the independence of the Independent Directors and considered them independent.

The NC annually reviews the composition of the Board to ensure that the Board has appropriate balance of expertise, skills, attributes and abilities. The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. All the Directors currently do not sit on the boards of more than six listed companies.

The Company has in place policy and procedures for the appointment of new Directors to the Board, including a description on the search and nomination process. The NC will determine the criteria for identifying candidates. The potential candidates are sourced through a network of contacts including recommendations from the Directors and Management and identified based on the established criteria. The NC will review nominations for the appointment of Directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and level of commitment required. The NC will make recommendations on the appointment(s) to the Board for approval.

The Directors are required to submit themselves for re-election at regular intervals of at least once every three years in accordance with the Company's Constitution. Subject to the nomination by the NC, a retiring Director is eligible for re-election. Pursuant to the Company's Constitution, Mr. Liong Kiam Teck and Mr. Mervyn Goh Bin Guan will retire by rotation pursuant to Regulation 89 of the Constitution of the Company at the forthcoming AGM. The NC has evaluated and is satisfied that Mr. Liong and Mr. Goh have committed their time to effectively discharge his duties as a Director. The NC has recommended their re-election, and both have consented to stand for re-election. Mr. Goh has abstained from the NC's evaluation of his performance and recommendation of his re-election. Both Mr. Liong and Mr. Goh have abstained from the Board's review and acceptance of the NC's recommendation on their re-election.

In accordance with Listing Rule 720(6), information as set out in Appendix 7.4.1 on Mr. Liong and Mr. Goh are provided in the Statement of Corporate Governance of this Annual Report.

Mr. Neo Tiam Poon @ Neo Thiam Poon is the Alternate Director to Mr. Liong Kiam Teck. Mr. Neo Thiam An is the Alternate Director to Mr. Neo Tiam Boon. Mr. Neo Tiam Poon is in charge of overall project management of the Group's various construction projects, conducts periodic quality and safety checks to ensure that quality and safety management systems are adhered to closely. He is also in charge of the pre-cast concrete manufacturing business. Mr. Neo Thiam An is in charge of the management of site operations of developments for external developers as well as our own in-house developments. In the absence of the principal Directors, the Alternate Directors are competent in their areas of responsibilities to facilitate reporting of the business developments and operations on behalf of the principal Directors and to take questions from the Board.

Key information on the Directors including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, etc. is set out in Board of Directors' section of this Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

The NC will conduct a formal assessment of the effectiveness of the Board as a whole and its committees and the contribution by each Director to the effectiveness of the Board on an annual basis.

The NC has with the Board's approval, implemented a process for annually assessing the effectiveness of the Board and its Committees and the contribution by each individual Director to the effectiveness of the Board.

STATEMENT OF CORPORATE GOVERNANCE

This process includes having the Directors complete the respective performance evaluation forms seeking their evaluation of the Board and of the Board Committees. The Board is evaluated on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board Committees, leadership and accountability. The Board Committees are evaluated on their competence to perform their functions, and their effectiveness in assisting the Board in the management of the Group business.

The Company Secretaries compile the respective evaluations of the Board and Board Committees into consolidated reports. The reports are discussed at the NC meeting and also shared with the entire Board.

The individual Directors are evaluated based on factors such as knowledge of the Company's business and industry knowledge and contribution to Board discussion. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company. For the current year, the NC is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

The NC has reviewed the performance evaluations of the Board, Board Committees and individual Directors and is satisfied that the Board and Board Committees have been effective in the conduct of their respective duties, and the Directors have each contributed to the effectiveness of the Board.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following three members, all of whom including the Chairman are independent.

Mr. Fong Heng Boo	Chairman	Lead Independent Director
Mr. Mervyn Goh Bin Guan	Member	Independent Director
Mr. Pang Teng Tuan	Member	Independent Director

The RC carried out their duties in accordance with the terms of reference which include the following:

(a) review and recommend to the Board a framework for remuneration for the Directors and key management personnel of the Company;

(b) review and recommend Directors' fee for Independent Directors for approval at the AGM;

(c) determine specific remuneration packages for each Executive Director as well as key management personnel;

(d) review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

(e) review the remuneration of employees who are immediate family members of Director or the CEO to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her; and

(f) review and recommend the engagement of remuneration consultant at the request of management or as it deems appropriate for the Company.

STATEMENT OF CORPORATE GOVERNANCE

During the year, the RC considered and approved the fee framework for Independent Directors and the remuneration packages of the Executive Directors and key management personnel which are submitted to and approved by the Board. No member of the RC was involved in deciding his own remuneration.

In setting remuneration packages, the Company takes into accounts all aspects of remuneration (including termination clauses) and considers the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses to both parties.

The RC is provided access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. It is the RC's policy that any professional remuneration consultant if appointed would be independent of the Directors or any organisations they are associated with and the management of the Company so the consultant is objective and independent.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, the Company should avoid paying more than is necessary for this purpose.

Under the Company's remuneration policy and structure, the performance conditions are set out to link rewards to overall strategic and financial goals of the Company. An appropriate proportion of the remuneration of the Executive Directors and key management personnel are linked to the overall performance of the Group, contribution of the operating units to the Group performance and assessment of their individual performance to the contribution of the operating units that they are employed in. Each of the Executive Directors and key management personnel have a service agreement with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in the letter of employment. The remuneration structure provides for basic salaries, annual wage supplement and incentive bonus, which is tied to the performance of the Group annually. Key management personnel are compensated on a fixed plus variable basis. The RC would periodically review the Group's remuneration framework to ensure compensation for Executive Directors and key management personnel remains linked to both short-term performance and the Group's strategy for long-term sustainability. Executive Directors do not receive directors' fees.

Currently, the Company has no long-term incentive scheme, such as share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components would continue to be adequate in incentivising performance without being over-excessive.

The remuneration of Executive Directors and key management personnel comprises a variable component. The variable component is performance related and is linked to the Group's/Company's performance as well as individual's performance. The variable component takes into account industry conditions, comparative performance of players in the market, where appropriate and available, return to shareholders, and individual performance in terms of responsibilities, experience and achievements.

For the year under review, the RC has reviewed the remuneration of Executive Directors, key management personnel in accordance with their performance criteria and recommended them to the Board. The Board has approved the RC's recommendations.

STATEMENT OF CORPORATE GOVERNANCE

For Independent Directors of the Company, the structure and level of Directors' fee are tied to their respective roles and responsibilities on the Board and Committees. Changes to the Group's business and corporate governance revisions and practices, assessment of Directors' contributions and attendance at meetings are taken into consideration in determining the Directors' fee structure.

The fee for Independent Directors comprise a basic retainer fee and additional fee for appointment to Board Committees.

The framework of Directors' fee for Independent Directors is as follows:

Basic Director's fee	$37,500 per annum
AC Chairman	$25,000 per annum
AC member	$12,500 per annum
NC or RC Chairman	$6,250 per annum
NC or RC member	$3,750 per annum

The RC has reviewed and approved the above fee structure for Independent Directors as being reflective of their responsibilities and work commitments. In view of the challenges faced by the Company post COVID-19 pandemic, the Independent Directors have opted for a 15% reduction in their fees since FY2021 to show solidarity and support to the Company. Accordingly the RC has recommended and the Board approved the Directors' fees for FY2022 based on the above fee structure, a 15% reduction therefrom.

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the operating unit (and not on forward-looking results) as well as individual performance, "claw-back" provisions in the service agreements may not be relevant or appropriate.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors, Alternate Directors and the CEO

The remuneration paid to or accrued to each individual Director, Alternate Directors and the CEO for FY2022 is as follows:

Remuneration Bands	Fee %	Fixed Remuneration %	Performance Related Variable Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
$500,001 to $750,000					
Mr. Liong Kiam Teck	–	95.9	–	4.1	100
$250,001 to $500,000					
Mr. Neo Tiam Boon	–	92.0	–	8.0	100
Mr. Neo Tiam Poon @ Neo Thiam Poon	–	90.3	–	9.7	100
Mr. Neo Thiam An	–	90.4	–	9.6	100

STATEMENT OF CORPORATE GOVERNANCE

Remuneration Bands	Fee %	Fixed Remuneration %	Performance Related Variable Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
Up to $250,000					
Mr. Fong Heng Boo	100	–	–	–	100
Mr. Mervyn Goh Bin Guan	100	–	–	–	100
Mr. Pang Teng Tuan	100	–	–	–	100

To maintain confidentiality of the remuneration policies of the Group, the Board is of the view that it is in the best interests of the Group not to fully disclose details of remuneration of each individual Director, Alternate Directors and the CEO. While the exact remuneration of the Executive Directors is not given, the level and composition of the Executive Directors' remuneration packages expressed in percentage terms are provided as above. The Company believes that such disclosure will balance the interest of the Company and provide shareholders with an adequate appreciation of the Executive Director's remuneration packages and is consistent with the intent of Principle 8 of the Code.

Remuneration of top 5 key management personnel

The remuneration paid to or accrued to top five key management personnel (who are not Directors nor the CEO) for FY2022 is as follows:

Remuneration Bands	Fixed Remuneration %	Performance Related Variable Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
Up to $250,000				
First Executive	74.6	15.7	9.7	100
Second Executive	87.6	–	12.4	100
Third Executive	86.8	–	13.2	100
Fourth Executive	82.7	–	17.3	100
Fifth Executive	89.7	–	10.3	100

The Group operates under highly competitive conditions in the local and regional market place. With full disclosure, the competitors have publicly available information of profile of the Company's key personnel and remuneration benchmark. The Company does not have similar information and is seriously disadvantaged as compared to its competitors in retaining and recruitment of key personnel. Loss of its key personnel involves considerable loss of operational know-how and cost in recruitment of similar talent and gestation period for new key personnel to be fully inducted into the Company's work practices. All this would impact its business competitive edge vis-à-vis its competitors. Disclosure of the names of the key management personnel will be not in the interest of the Company from a business perspective. The Company believes the above disclosure provides a balance between the interest of the Company and provision of information to shareholders and is consistent with the intent of Principle 8 of the Code.

STATEMENT OF CORPORATE GOVERNANCE

For the financial year ended December 31, 2022, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five key management personnel (who are not Directors) was $1.0 million. In view of the challenges faced by the Company post COVID-19 pandemic, the Executive Directors have undergone significant salary reduction to show supportive to the Company since May 2020 and be a role model for all the employees under the Group.

Employees who are substantial shareholders, or immediate family members of a Director, the CEO or a substantial shareholder

Saved as disclosed in the following table, there is no other employee who is a substantial shareholder or an immediate family member of a Director, the CEO or a substantial shareholder whose remuneration exceeds $100,000 for FY2022.

Remuneration Bands	Relationship to Directors or the CEO
$100,001 to $250,000	
Liong Cailin, Wendy	Daughter of Mr. Liong Kiam Teck, and niece of, Mr. Neo Tiam Boon, Mr. Neo Tiam Poon @ Neo Thiam Poon and Mr. Neo Thiam An
Liong Chai Yin, Fiona	Daughter of Mr. Liong Kiam Teck and niece of Mr. Neo Tiam Boon, Mr. Neo Tiam Poon @ Neo Thiam Poon and Mr. Neo Thiam An

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board determines the Group’s levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group’s risk management and internal control systems.

The Group recognised the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders’ interest and the Group’s assets. The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational and information technology controls are in place, business risks are suitably addressed and proper accounting records are maintained.

The AC reviews and reports to the Board on the adequacy and effectiveness of the Group’s internal control and risk management system. In assessing the adequacy and effectiveness of internal controls and risk management system, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The key risks of the Group are deliberated by management and reported to the AC regularly. The AC is assisted by a Risk Management Committee (“RMC”) comprising senior management personnel, including the CEO, CFO, COO and other senior personnel, has oversight of risk management in the Group to ensure that a robust risk management system is maintained. The AC reviews the adequacy and effectiveness of the internal controls and risk management system, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. AC reviews with the internal and external auditors their audit report and findings. Internal auditors provide assurance that the internal controls over the key risks of the Group are adequate and effective.

STATEMENT OF CORPORATE GOVERNANCE

For the financial year ended December 31, 2022, the Board has received assurance from the CEO and CFO (also in his capacity as Risk Officer) in the execution of their respective duties as CEO and CFO and to the best of their knowledge and belief, 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 regarding the effectiveness of the Company's risk management and internal control system. The Board also received assurances from the key management personnel of the Group's subsidiaries who are responsible regarding the adequacy and effectiveness of the risk management and internal control systems of the respective Group's subsidiaries.

Based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management, the RMC and the AC, and the aforesaid assurances from the CEO, CFO and other key management personnel, the Board, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems were adequate and effective for the year ended December 31, 2022. The AC concurs with the Board.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises the following three members all of whom, including the Chairman, are independent.

Mr. Fong Heng Boo	Chairman	Lead Independent Director
Mr. Mervyn Goh Bin Guan	Member	Independent Director
Mr. Pang Teng Tuan	Member	Independent Director

The Chairman of the AC, Mr. Fong Heng Boo, has over 49 years of experience in auditing, finance, business development and corporate governance. Mr. Fong graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. Mr. Mervyn Goh graduated from the National University of Singapore with a Bachelor of Laws (Honours) in 1989 and was called to the Singapore Bar in 1990. Mr. Pang Teng Tuan graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a CPA with CPA Australia. He had considerable experience in investment management. All the AC members are informed of changes in accounting standards and issues through updates from the external auditors. The Board is satisfied that the members of the AC including the Chairman have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The AC functions under the terms of reference that sets out its key responsibilities are as follows:

(a) To review the financial statements of the Company and the Group, in particular significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before submission to the Board;

(b) To review and report to the board annually on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems;

(c) To review the assurance from the CEO and the CFO on the financial records and financial statements;

(d) To review the audit plan of the internal and external auditors and report including key audit matters included in the Independent Auditor's Report;

(e) To review the scope adequacy, effectiveness and independence of the external audit and internal audit functions;

STATEMENT OF CORPORATE GOVERNANCE

(f) To review the independence of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and internal auditors, and their remuneration;

(g) To review interested person transactions and potential conflicts of interest; and

(h) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC reviewed the key audit matters ("KAMs") for FY2022. The AC considered the approach, methodology and key assumptions applied. The AC concluded that Management's accounting treatment and estimates in the KAMs were appropriate. The KAMs are as set out in the independent auditor's report section of this Annual Report.

The AC has explicit authority to investigate any matter within its terms of reference. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. The AC has full access to and co-operation of the management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. No member of the AC or any Director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The AC meets with both the external and internal auditors without the presence of the management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The Company confirms compliance with Rule 712, Rule 715 and Rule 716 of the Listing Manual of the SGX-ST in engaging CLA Global TS Public Accounting Corporation ("CLA Global TS") as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority ("ACRA"). CLA Global TS are the external auditors of the Company and of its Singapore significant subsidiaries. The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, no fees paid to the external auditors of the Company for non-audit services. The AC has recommended that CLA Global TS be nominated for re-appointment as auditors at the forthcoming AGM.

The Company has engaged EisnerAmper PAC an accounting firm registered with ACRA as its internal auditor ("IA"). The IA reports directly to the Chairman of the AC on all internal audit matters. The IA identifies, evaluates significant risks and develop risk-based audit plan for approval by the AC and provides independent assessment and reasonable assurances on areas of operation reviewed, advise and recommend the best practices that will improve and add value to the Company. IA has unfettered access to all the Company's documents, records, properties and personnel, including the AC. IA has confirmed their independence to the AC.

The internal audit follows the professional standards set by the Institute of Internal Auditors. The AC is satisfied that the internal audit function is independent, effective and adequately resourced to carry out its function.

The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The AC is responsible for the oversight and monitoring of any whistleblowing matters. The Company has a whistle-blowing policy by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the Executive Chairman with a copy of such raised concerns to the AC Chairman. Such concerns raised are independently investigated and appropriate follow-up action is taken.

STATEMENT OF CORPORATE GOVERNANCE

The Company will treat all information received confidentially and protect the identity and the interest of all whistle blowers. The Company will not tolerate the harassment or victimisation of a whistleblower. Furthermore, no person should suffer reprisal as a result of reporting a genuine concern, even if they turn out to be mistaken. Where it is determined that there is a prima facie case that an employee has suffered adverse treatment, harassment or victimisation as a result of his or her disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator in accordance with the relevant procedures.

Following evaluation of a complaint, and depending on the nature of the complaint, investigation may be conducted internally by an independent team nominated by the Executive Chairman, or referred to the external auditors or investigated by an independent committee of inquiry nominated by the AC Chairman. If the Executive Chairman decides not to proceed with the investigation, the decision must be explained as fully as possible to the person who raised the concern. It is then open to the person to make disclosure again to the AC Chairman. The AC Chairman shall report to the AC on recommended disciplinary or remedial action, if any. The AC will bring recommended actions to the other members of the Board for attention and after conclusion of deliberations, the agreed course of action will be dealt with by the executives.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for the shareholders to meet the Board and key management personnel, and to interact with them. All general meetings of the Company are held in Singapore which give shareholders the opportunity to participate effectively in and to vote thereat.

The Company's AGMs are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the AGMs and extraordinary general meetings ("EGMs") to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead. Notices of the AGM and EGM will announced on SGXNET.

The Board welcomes questions from shareholders who have an opportunity to raise at the general meetings of shareholders. All the Directors normally attend the general meetings of shareholders. The Chairmen of the AC, RC and NC are normally available at the meeting to answer those questions relating to the work of these Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders. In 2022, the Company held two general meetings which were attended by all the current Directors. In compliance with the Listing Rules of the SGX-ST, all resolutions tabled at the forthcoming AGM would be put to vote by poll, the procedures of which will be explained by the appointed scrutineer at the general meeting. This will allow greater transparency and more equitable participation by shareholders. The poll results will be read out to shareholders immediately after vote tabulations. The result of the resolutions will be announced after the general meetings via SGXNET.

The Board supports the Code's provision regarding "non-bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

The Company's constitution allowing appointment of proxies for a shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies. The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF Approved Nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

STATEMENT OF CORPORATE GOVERNANCE

In 2022, in view of the COVID-19 situation, the AGM was held by 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.

With the easing of COVID-19 restrictions, the forthcoming AGM would be held physically and shareholders shall have the right to participate fully in the meeting. There will be no option for shareholders to participate virtually. Shareholders who cannot attend the meeting can appoint proxies (including the Chairman of the Meeting) to attend and vote in their stead. Shareholders can submit questions relating to the resolutions at the AGM in advance of the meeting within a cut-off time given or at the meeting itself. The Company will endeavour to address questions received before the cut-off time before the AGM.

The minutes of general meetings will be taken and published in the Company's corporate website as soon as practicable at http://www.tiongaik.com.sg and SGXNET within one (1) month.

The details of dividend payment to shareholders (if any) will be disclosed via the release of the announcements through SGXNET. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements;

(b) Annual Report prepared and issued to all shareholders;

(c) News releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and EGM; and

(e) Company's website at www.tiongaik.com.sg at which shareholders can access timely information on the Group.

In accordance with the Listing Rules of the SGX-ST, the Company does not practise selective disclosure and price-sensitive and trade-sensitive information is publicly released on an immediate basis where required under the Listing Rules.

The Company's investor relations policy is to communicate with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Group are released within prescribed periods under the Listing Rules.

STATEMENT OF CORPORATE GOVERNANCE

Price-sensitive and/or trade-sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely, reliable and full disclosure of material corporate developments and material information to shareholders in compliance with statutory requirements and the Listing Rules of the SGX-ST.

The Company strives to reach out to shareholders and investors via its online investor relations site within its corporate website at http://www.tiongaik.com.sg where it updates shareholders and investors on the latest news and business developments of the Group. Shareholders and investors are also provided with an investor relations contact at tac@tiongaik.com.sg. Investors are able to raise their questions to the Company's person in charge of investor relation at tac@tiongaik.com.sg. The message will be forwarded to the relevant parties and the company will respond as soon as practicable.

The Company has also posted the contact of the Lead Independent Director on its corporate website to facilitate shareholders and other stakeholders who wish to communicate with the Lead Independent Director.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The identified key stakeholders of the Group include employees, customers, contractors and suppliers, investors, community, government and regulatory agencies.

The engagement approach with the stakeholders are set out in our Sustainability Report. In accordance with the Listing Rules of SGX-ST, the Group will issue its Sustainability Report in respect of its financial year ended December 31, 2022 by April 30, 2023 and will upload the full Sustainability Report in its Corporate website mentioned below.

The Group maintains a corporate website at http://www.tiongaik.com.sg at which stakeholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases and profiles of the Group. The Company has an online investor relations site within its corporate website as an outreach to shareholders and all other stakeholders. Shareholders and stakeholders are provided with an investor relations contact at tac@tiongaik.com.sg.

Interested Persons Transactions

When a potential conflict of interest arises, the Director concerned does not participate in discussions and is refrained from exercising any influence over other members of the Board.

The Company has established review and approval procedures to ensure that interested person transactions ("IPT") entered into by the Group are conducted on normal terms and are not prejudicial to the interest of the shareholders. For the year under review, the Board meets quarterly to review if the Company will be entering into any IPT.

The AC has reviewed the rationale and terms of the Group's IPT and is of the view that the IPT are on normal commercial terms and are not prejudicial to the interests of the shareholders.

STATEMENT OF CORPORATE GOVERNANCE

Details of IPT for the year ended December 31, 2022 are as follows:

Name of Interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than $100,000)
		S$'000	S$'000
Prestige Resources Pte Ltd Management service	Associate of directors – Liong Kiam Teck ("LKT"), Neo Tiam Boon ("NTB"), Neo Tiam Poon @ Neo Thiam Poon ("NTP"), and Neo Thiam An ("NTA")	211	N.A.
TAC Alliance Pte. Ltd. Management service	Associate of directors – LKT, NTB, NTP and NTA	400	N.A.
MW Employment Agency Pte Ltd Pre-Departure Preparatory Programmed (PDPP) service fee	Associate of directors – NTB and NTA	243	N.A.
Sinotac Group Pte. Ltd Loan from a company in which certain directors have control Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Associate of directors – LKT, NTB, NTP and NTA	365 525	N.A. N.A.
Neo Tiam Boon Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director and his spouse	165	N.A.
Liong Kiam Teck Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director and his child	135	N.A.
Neo Tiam Poon @ Neo Thiam Poon Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director	45	N.A.

STATEMENT OF CORPORATE GOVERNANCE

Name of Interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than $100,000)
		S$'000	**S$'000**
Neo Bee Lan Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director's sibling	15	N.A.
Lee Hua Yong Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director's spouse	15	N.A.
Lee Kim Lian, Juliana Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Independent Director's spouse	30	N.A.

Dealing in Securities

The Company has issued an Internal Compliance Code (the "Internal Compliance Code") to all employees of the Group setting out the implications of insider trading.

For the year under review, with the adoption of half yearly reporting of the financial statements from FY2022, all Directors and employees of the Group are prohibited from dealing in the Company's securities one month before and up to the release of the half year and full year financial statements. Circulars are issued to all Directors and employees of the Group to remind them of, *inter alia*, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group on short-term consideration and during the prohibitive periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

The Directors and senior management are briefed that the Company should comply with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted trading periods. The Company has complied with Listing Rule 1207(19)(c).

Material Contracts

Saved as mentioned above, there were no other material contracts entered into by the Company or its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder since the end of the previous financial year.

STATEMENT OF CORPORATE GOVERNANCE

Table A

To provide the information as set out in appendix 7.4.1 relating to the candidates who are proposed to be appointed for the first time or re-elected to the board at a general meeting, in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting.

Mr. Liong Kiam Teck and Mr. Mervyn Goh Bin Guan are retiring and being eligible, offer themselves for re-election at the upcoming AGM pursuant to Regulation 89 of the Constitution of the Company.

Name of Director	Liong Kiam Teck	Mervyn Goh Bin Guan
Date of Appointment	March 7, 2011	September 20, 2011
Date of last re-appointment (if applicable)	May 25, 2021	May 26, 2020
Age	72 (May 10, 1951)	60 (October 27, 1963)
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 is of the opinion that Mr. Liong can continue to contribute positively to the Company after reviewing the NC's Recommendation and Mr. Liong's extensive experience.	After having considered the experience and skills of Mr. Goh, the Board with the recommendation of the NC, approved the appointment of Mr. Goh as independent Director of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Non-Executive Director (NC Chairman, member of AC and RC)
Professional qualifications	General Certificate of Education	Bachelor of Laws (Honours) in National University of Singapore
Working experience and occupation(s) during the past 10 years	Executive Chairman of TA Corporation Ltd	2008 to 2010: The Great Eastern Life Assurance Company Limited – Vice President 2011 to current: Consultant in Lawhub LLC
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest in Shares 174,187,102	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Brother of Group CEO and Executive Director – Mr. Neo Tiam Boon, Alternate Director – Mr. Neo Tiam Poon @ Neo Thiam Poon and Alternate Director – Mr. Neo Thiam An	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

STATEMENT OF CORPORATE GOVERNANCE

<table>
<tr><th>Name of Director</th><th>Liong Kiam Teck</th><th>Mervyn Goh Bin Guan</th></tr>
<tr><td rowspan="2">Other Principal Commitments* Including Directorships

* “Principal Commitments” has the same meaning as defined in the Code.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</td><td>Past (for the last 5 years)
None</td><td>Past (for the last 5 years)
None</td></tr>
<tr><td>Present
1. Sinotac Group Pte. Ltd. – Director
2. Cadence Properties Pte. Ltd. – Director
3. Matsushita Greatwall Corporation Pte. Ltd. – Director
4. Tac Marketing Pte. Ltd. – Director
5. Sherwinn Investments Pte. Ltd. – Director</td><td>Present
1. Consultant in Lawhub LLC</td></tr>
<tr><td colspan="3">Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</td><td>NO</td><td>NO</td></tr>
<tr><td>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</td><td>NO</td><td>NO</td></tr>
<tr><td>(c) Whether there is any unsatisfied judgment against him?</td><td>NO</td><td>NO</td></tr>
<tr><td>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</td><td>NO</td><td>NO</td></tr>
<tr><td>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</td><td>NO</td><td>NO</td></tr>
</table>

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Liong Kiam Teck	Mervyn Goh Bin Guan
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	NO	NO
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	NO	NO
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	NO	NO
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	NO	NO
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	NO	NO
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	NO	NO
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	NO	NO
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	NO	NO
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	NO	NO
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	NO	NO

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of TA Corporation Ltd (the "Company") and its subsidiaries (the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2022.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 44 to 121 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 December 31, 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, subject to the going concern assumption as set out in Note 1 to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

DIRECTORS

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

Liong Kiam Teck	
Neo Tiam Boon	
Fong Heng Boo	
Mervyn Goh Bin Guan	
Pang Teng Tuan	
Neo Tiam Poon @ Neo Thiam Poon	(Alternate director to Liong Kiam Teck)
Neo Thiam An	(Alternate director to Neo Tiam Boon)

ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed in this statement.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, except as follows:

	Shareholdings/Debentures registered in name of directors and alternate directors		Shareholdings/Debentures in which directors and alternate directors are deemed to have an interest	
Name of directors, alternate directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company (No. of ordinary shares)				
Liong Kiam Teck	174,187,102	174,187,102	–	–
Neo Tiam Boon	87,857,147	87,857,147	–	–
Neo Tiam Poon @ Neo Thiam Poon	83,599,752	83,599,752	–	–
Neo Thiam An	41,412,840	41,412,840	–	–

DIRECTORS' STATEMENT

Name of directors, alternate directors and companies in which interests are held	Shareholdings/Debentures registered in name of directors and alternate directors		Shareholdings/Debentures in which directors and alternate directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company (Warrants[i])				
Liong Kiam Teck	39,931,204	–	–	–
Neo Tiam Boon	20,123,905	–	–	–
Neo Tiam Poon @ Neo Thiam Poon	19,148,738	–	–	–
Neo Thiam An	9,485,717	–	–	–
The Company ($27 million 6.0% medium term notes due in July 2026[ii])				
Liong Kiam Teck	2,000,000	2,000,000	–	–
Neo Tiam Boon	2,500,000	2,500,000	250,000	250,000
Neo Tiam Poon @ Neo Thiam Poon	750,000	750,000	–	–
Neo Thiam An	–	–	250,000	250,000
Mervyn Goh Bin Guan	–	–	500,000	500,000

(i) The warrants expired on May 20, 2022.

(ii) The Company entered into a fourth supplemental trust deed on November 25, 2022 with its trustee. Accordingly, the maturity date of the notes has been extended from July 26, 2023 to July 26, 2026.

By virtue of Section 7 of the Singapore Companies Act 1967, Liong Kiam Teck is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares and debentures of the Company at January 21, 2023 were the same as at December 31, 2022.

SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, all of whom are independent and non-executive. The Chairman of the AC is Fong Heng Boo and the other members of the AC are Mervyn Goh Bin Guan and Pang Teng Tuan.

The AC is authorised by the Board of Directors to investigate any matters within its terms of reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly.

The key responsibilities of the AC include the following:

- To review the external and internal audit plans and audit reports, the scope and results of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

- To review the half-year and annual financial statements and any formal announcements relating to our Group's financial performance before submission to our Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and any other relevant statutory or regulatory requirements;

- To review and report to the Board of Directors annually on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems;

- To review the independence of the independent auditor and internal auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and internal auditors;

- To review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST and potential conflicts of interest;

- To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and

- Generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST or by such amendments as may be made thereto from time to time.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor and internal auditors have unrestricted access to the AC.

The AC has recommended to the directors the nomination of CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) for re-appointment as the independent auditor of the Company at its forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), has expressed its willingness to accept reappointment.

ON BEHALF OF THE BOARD OF DIRECTORS

....
Liong Kiam Teck
Director

....
Neo Tiam Boon
Director

April 11, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TA Corporation Ltd (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 December, 31 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Other Matter

The financial statements of the Group for the financial year ended December 31, 2021 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on April 18, 2022.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

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 year. 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.

Key Audit Matter	How the audit addressed the matter
Going concern **(Refer to Notes 1, 3.1.1 and 4(b)(vi) to the financial statements.)** The Group recorded a total comprehensive income of $25.2 million (2021: total comprehensive loss of $38.4 million) for the financial year ended December 31, 2022 and as of that date, the Group's current assets amounted to $341.8 million (2021: $465.2 million) and its current liabilities amounted to $271.0 million (2021: $433.7 million). However, the Group's current assets include development properties of $199.6 million (2021: $296.9 million) that may not be realisable within one year as the normal operating cycle for development properties exceeds one year. The above indicates existence of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Management has considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as it believes the Group will be able to meet its obligations as and when they fall due within the next twelve months on the bases as disclosed in Note 1.	Our audit procedures focused on evaluating the key assumptions used by the management. These procedures included the following: • Discussed and evaluated Management's assessment of the Group's ability to continue as a going concern and justification that the going concern assumption is appropriate; • Reviewed cash flow projections and sensitivity analysis along with the assumptions made; and • Reviewed the adequacy of the presentation and disclosure of the going concern assumption in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matter	How the audit addressed the matter
Accounting for construction contracts **(Refer to Notes 3.2.1, 10, 24, 25 and 28 to the financial statements.)** Construction projects contributed $189.5 million of the Group's revenue for the year ended December 31, 2022. For these projects, the Group recognises revenue over time using the input method (i.e. "cost-to-cost" method). Significant Management assumptions, judgements and estimates are required in determining the total budgeted costs for each project, which impacts percentage of completion. Also, significant judgements and estimates are required to determine the contract sum, particularly on accounting for variation orders, omissions, and any other variable considerations. When a project is completed or likely to be completed later than contractually agreed, the Company may be held liable for liquidated damages. Provisions for onerous contracts are recognised whenever total budgeted costs exceed the contract sum on an individual project basis.	We obtained an understanding of the Group's process for estimating total budgeted costs. On an individual project basis, we also: • Obtained understanding through inspection of contracts and project documentation; • Verified total contract sum to contracts and variation orders and recomputed revenue recognised for the current financial year based on application of the input method; • Assessed reasonableness of total budgeted costs, including inclusion of variation orders from suppliers; • Evaluated the adequacy of provisions of liquidated damages for delays in project completion; • Evaluated the adequacy of provisions for onerous contracts when total budgeted costs are likely to exceed the contract sum; and • Held discussions with Management and Contracts Department to understand status of projects and its assessments of accounting implications. We have considered the adequacy of disclosures relating to construction contracts in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matter	How the audit addressed the matter
Assessment of joint and several corporate guarantees given for bank loan of an associate performed in conjunction with assessment of recoverability of debts owing by the associate and a joint venture to the Group **(Refer to Notes 3.2.4 and 3.2.5 to the financial statements.)** As at December 31, 2022, the Company and a joint guarantor have given joint and several corporate guarantees to a bank for loan amounting to $10 million to an associate. The joint guarantor has equity interests in the associate. The Group has fully impaired its equity investment in the associate, as well as all receivables from the associate as at December 31, 2022. The Group has not impaired receivables of $24.2 million from the joint venture as it is the expectation that these receivables are recoverable. Assessments on exposure to payment obligations to the bank under the joint and several corporate guarantees; and the ability to recover the receivables are dependent on: (a) estimates of net cash flows from future sales of properties; (b) the assumption that no further funds are required from the Group for development of the undeveloped land held by the associate; and (c) the assumption that the joint guarantor will provide 50% of the required funds to match the amounts to be provided by the Group, for payment of bank loan instalments and interest as and when required. Management's estimates of future sale proceeds were based on valuation by an external professional valuer of the properties and the undeveloped land which have yet to be sold to third parties (the "Development").	We reviewed and assessed that the Group's impairment policy is in accordance with SFRS(I) 9. In respect of valuation of the Development by the management's professional valuer, we performed the following: • Evaluated the independence and competence of the valuer; • Together with our internal valuation specialists, we reviewed and assessed the appropriateness of inputs, assumptions, and methodology used by the Management and valuer; and • Held discussions with management, valuer, and our valuation specialist to understand, evaluate, challenge, and clarify Management's valuation. We considered the adequacy of the disclosures in Notes 3.2.4 and 3.2.5 regarding the significant accounting estimates and the assumptions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matter	How the audit addressed the matter
Valuation of development properties **(Refer to Notes 3.2.2 and 11 to the financial statements.)** The Group owns $199.6 million of development properties as at December 31, 2022 which represents 31% of the Group's total assets. The development properties are stated at the lower of cost and net realisable value. Management estimated net realisable value by using recent transacted prices within the same development or comparable properties or obtained professional valuations. For the financial year ended December 31, 2022, the Group did not recognise a write-down of development properties. Total development costs and associated selling expenses are projected for each of these properties and compared with the estimated selling price to estimate amount of write-down to be recognised.	In respect of valuation of the properties by the management's professional valuer, we performed the following, refer to procedures below for "Valuation of investment properties". We reviewed Management's impairment assessment and/or the external valuation reports from the external professional valuers for remaining unsold units of development properties. For uncompleted properties, we evaluated Management's estimates of total costs to completion which are based on contracted amounts and projections based on historical experience.
Valuation of investment properties **(Refer to Notes 3.2.3 and 14 to the financial statements.)** The Group holds a portfolio of investment properties comprising commercial units and dormitory, which are primarily located in Singapore. As at December 31, 2022, the carrying amounts of the Group's investment properties are $196.8 million, which represents 30% of the Group's total assets. These investment properties are held for long-term rental yield and/or capital appreciation. Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers. The valuations involve significant judgement and estimate with regards to determining appropriate valuation methods, (i) by reference to market evidence of transacted prices per square meter in the open market for comparable properties, adjusted for differences such as location, age, tenure, and size; and (ii) discounted cash flow method.	In respect of valuation of the properties by the management's professional valuer, we performed the following: • Evaluated the independence and competence of the valuer; • Tested the reliability of information, including underlying lease and financial information provided to the external valuers; • Assessed the reasonableness of the discount rate, rental rate, cost per bed by benchmarking these against those of comparable properties based on information available as at December 31, 2022; • Together with our internal valuation specialists, we reviewed and assessed the appropriateness of inputs, assumptions, and methodology used by the Management and valuer; and • Held discussions with management, valuer, and our valuation specialist to understand, challenge, and clarify Management's valuation. We also considered the adequacy of financial statement disclosures on valuation of investment properties.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 these 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.

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

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

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

- Obtain an understanding of internal control 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 control.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

- 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 auditor's 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 auditor's 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 control 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 to 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Lee Tze Shiong.

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

April 11, 2023

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	6	**48,260**	65,002	**2,590**	125
Trade and other receivables	7	**42,152**	51,080	**34,388**	32,744
Deposits and prepayments	8	**16,836**	11,395	**14**	14
Inventories	9	**7,263**	3,663	**–**	–
Contract assets	10	**27,697**	32,145	**–**	–
Development properties	11	**199,610**	296,935	**–**	–
		341,818	460,220	**36,992**	32,883
Non-current asset held for sale	12	**–**	4,935	**–**	–
Total current assets		**341,818**	465,155	**36,992**	32,883
Non-current assets					
Property, plant and equipment	13	**40,913**	45,705	**–**	–
Investment properties	14	**196,840**	181,480	**–**	–
Goodwill	15	**1,759**	1,759	**–**	–
Subsidiaries	16	**–**	–	**122,572**	79,384
Associates and joint ventures	17	**17,211**	15,322	**–**	–
Other non-current assets	18	**255**	391	**–**	–
Trade and other receivables	7	**50,760**	50,518	**44,605**	88,065
Total non-current assets		**307,738**	295,175	**167,177**	167,449
Total assets		**649,556**	760,330	**204,169**	200,332
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	20	**55,501**	194,823	**5,000**	5,080
Trade and other payables	21	**112,635**	108,140	**21,819**	13,264
Lease liabilities	22	**545**	1,133	**–**	–
Contract liabilities	24	**98,399**	116,928	**–**	–
Provisions	25	**397**	5,879	**–**	–
Income tax payable		**3,547**	2,655	**–**	–
		271,024	429,558	**26,819**	18,344
Liabilities directly associated with asset classified as held for sale	12	**–**	4,150	**–**	–
Total current liabilities		**271,024**	433,708	**26,819**	18,344
Non-current liabilities					
Borrowings	20	**172,375**	156,577	**2,500**	5,000
Trade and other payables	21	**92,925**	81,914	**38,651**	35,510
Lease liabilities	22	**1,067**	1,354	**–**	–
Term notes	23	**26,929**	26,724	**26,929**	26,724
Deferred tax liabilities	19	**56**	50	**–**	–
Total non-current liabilities		**293,352**	266,619	**68,080**	67,234
Total liabilities		**564,376**	700,327	**94,899**	85,578
Capital, reserves and non-controlling interests					
Share capital	26	**154,189**	154,189	**154,189**	154,189
Reserves	27	**644**	675	**–**	31
Translation reserves		**(2,342)**	(904)	**–**	–
Accumulated losses		**(72,941)**	(85,108)	**(44,919)**	(39,466)
Equity attributable to owners of the Company		**79,550**	68,852	**109,270**	114,754
Non-controlling interests	16	**5,630**	(8,849)	**–**	–
Total equity		**85,180**	60,003	**109,270**	114,754
Total liabilities and equity		**649,556**	760,330	**204,169**	200,332

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

	Note	2022 $'000	2021 $'000
Revenue	28	**365,688**	218,171
Cost of sales		**(313,310)**	(198,318)
Gross profit		**52,378**	19,853
Other income	29	**22,951**	8,604
Loss allowance recognised on financial assets		**(607)**	(1,137)
Selling and distribution costs		**(1,062)**	(1,222)
General and administrative expenses		**(20,355)**	(18,008)
Other operating expenses	30	**(11,646)**	(30,131)
Share of profit/(loss) of associates and joint ventures		**1,743**	(1,009)
Finance costs	31	**(11,291)**	(11,119)
Profit/(Loss) before income tax		**32,111**	(34,169)
Income tax expense	32	**(5,225)**	(2,267)
Profit/(Loss) for the year	33	**26,886**	(36,436)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(1,362)**	(1,123)
Share of other comprehensive loss of associates and joint ventures		**(280)**	(859)
		(1,642)	(1,982)
Total comprehensive income/(loss) for the year		**25,244**	(38,418)
Profit/(Loss) attributable to:			
Owners of the Company		**12,136**	(36,536)
Non-controlling interests		**14,750**	100
		26,886	(36,436)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**10,698**	(38,070)
Non-controlling interests		**14,546**	(348)
		25,244	(38,418)
Profit/(loss) per share (cents):			
Basic and diluted	34	**2.34**	(7.1)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

	Share capital $'000	Reserves $'000	Translation reserves $'000	Accumulated losses $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group							
Balance at January 1, 2022	**154,189**	**675**	**(904)**	**(85,108)**	**68,852**	**(8,849)**	**60,003**
Expiry of warrants (Note 27)	**–**	**(31)**	**–**	**31**	**–**	**–**	**–**
Total comprehensive income/ (loss) for the year:							
Profit for the year	**–**	**–**	**–**	**12,136**	**12,136**	**14,750**	**26,886**
Other comprehensive loss for the year	**–**	**–**	**(1,438)**	**–**	**(1,438)**	**(204)**	**(1,642)**
Total	**–**	**–**	**(1,438)**	**12,136**	**10,698**	**14,546**	**25,244**
Transactions with owners, recognised directly in equity:							
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**(67)**	**(67)**
Balance at December 31, 2022	**154,189**	**644**	**(2,342)**	**(72,941)**	**79,550**	**5,630**	**85,180**
Balance at January 1, 2021	154,189	675	630	(48,572)	106,922	(8,454)	98,468
Total comprehensive (loss)/ income for the year:							
(Loss)/profit for the year	–	–	–	(36,536)	(36,536)	100	(36,436)
Other comprehensive loss for the year	–	–	(1,534)	–	(1,534)	(448)	(1,982)
Total	–	–	(1,534)	(36,536)	(38,070)	(348)	(38,418)
Transactions with owners, recognised directly in equity:							
Proceeds from issues of shares in subsidiaries to non-controlling shareholders	–	–	–	–	–	3	3
Dividends paid to non-controlling shareholders	–	–	–	–	–	(50)	(50)
Total	–	–	–	–	–	(47)	(47)
Balance at December 31, 2021	154,189	675	(904)	(85,108)	68,852	(8,849)	60,003

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

	Share capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Company				
Balance at January 1, 2021	154,189	31	(15,827)	138,393
Loss for the year, representing total comprehensive loss for the year	–	–	(23,639)	(23,639)
Balance at December 31, 2021	154,189	31	(39,466)	114,754
Expiry of warrants (Note 27)	–	(31)	31	–
Loss for the year, representing total comprehensive loss for the year	–	–	(5,484)	(5,484)
Balance at December 31, 2022	**154,189**	**–**	**(44,919)**	**109,270**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

	Note	Group 2022 $'000	2021 $'000
Operating activities			
Profit/(Loss) before income tax		**32,111**	(34,169)
Adjustments for:			
Depreciation expenses	33	**5,638**	7,151
Share of (profit)/loss of associates and joint ventures		**(1,743)**	1,009
(Reversal of impairment loss)/Impairment of joint ventures	29,30	**(426)**	426
Impairment of goodwill	30	**–**	836
Impairment loss on property, plant and equipment	30	**–**	1,000
Impairment loss on other non-current assets	30	**7**	1
Gain on disposal of other non-current assets		**(9)**	–
(Gain)/Loss in fair value of investment properties	29,30	**(15,360)**	7,325
Loss on disposal of investment property	30	**–**	2,768
(Gain)/Loss on disposal of property, plant and equipment	29,30	**(325)**	3
Property, plant and equipment written off	30	**–**	1
Finance costs	31	**11,291**	11,119
Interest income	29	**(1,253)**	(1,152)
Loss allowance recognised on financial assets		**607**	1,137
Write-down of development properties, net	30	**–**	8,313
Provisions	25	**–**	3,339
Operating cash flows before changes in working capital		**30,538**	9,107
Change in working capital:			
Trade and other receivables		**6,998**	(7,353)
Deposits and prepayments		**(5,441)**	(127)
Inventories		**(3,600)**	2,983
Contract assets		**4,448**	552
Development properties		**99,737**	(11,443)
Trade and other payables		**12,508**	13,892
Contract liabilities		**(18,529)**	17,213
Provisions		**(5,482)**	(4,312)
Cash generated from operations		**121,177**	20,512
Income tax paid		**(4,312)**	(3,238)
Interest paid		**(13,703)**	(12,849)
Net cash generated from operating activities		**103,162**	4,425
Investing activities			
Interest received		**1,253**	1,152
Purchase of property, plant and equipment	13(b)	**(2,262)**	(1,516)
Proceeds from disposal of property, plant and equipment		**744**	420
Proceeds from disposal of investment properties		**–**	17,052
Proceeds from disposal of asset held for sale		**4,935**	–
Proceeds from disposal of other non-current assets		**138**	–
Repayment from associates and joint ventures		**796**	4,975
Dividends received from joint ventures		**5**	224
Net cash generated from investing activities		**5,609**	22,307

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

	Note	Group 2022 $'000	2021 $'000
Financing activities			
Loan from a company in which certain directors have control		**3,000**	9,950
Proceeds from borrowings and term notes		**281,924**	205,830
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		**–**	3
Repayment of borrowings and term notes		**(409,394)**	(231,245)
Repayment of principal portion of lease liabilities		**(957)**	(1,130)
Uplifting/(Pledged) cash and fixed deposits		**5,204**	(1,301)
Dividends paid to non-controlling shareholders		**(67)**	(50)
Net cash used in financing activities		**(120,290)**	(17,943)
Net (decrease)/increase in cash and cash equivalents		**(11,519)**	8,789
Cash and cash equivalents at beginning of the year		**54,005**	45,215
Effect of exchange rate changes		**(19)**	1
Cash and cash equivalents at end of the year	6	**42,467**	54,005

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL

The Company is incorporated in Singapore with its principal place of business and registered office at 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore Dollar ("$"), which is also the functional currency of the Company. All financial information presented in $ have been rounded to the nearest thousand, unless otherwise statement.

The principal activity of the Company is that of investment holding.

The principal activities of its significant subsidiaries, associates and joint ventures are disclosed in Notes 16 and 17 respectively.

Going concern

The Group recorded a total comprehensive income of $25.2 million (2021: total comprehensive loss of $38.4 million) for the financial year ended December 31, 2022 and as of that date, the Group's current assets amounted to $341.8 million (2021: $465.2 million) and its current liabilities amounted to $271.0 million (2021: $433.7 million). However, the Group's current assets include development properties of $199.6 million (2021: $296.9 million) that may not be realisable within one year as the normal operating cycle for development properties exceeds one year.

Notwithstanding that the above indicate existence of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, management believes that the use of going concern assumption in the preparation of the financial statements for the financial year ended December 31, 2022 is still appropriate. In view of these circumstances, management has prepared a cash flow forecast containing major cash inflows and outflows of the Group over the next 12 months till December 31, 2023. The key assumptions applied in the cash flow forecast are:

i. the forecasted cashflow from the Group including the expected cashflow from existing customers and contracts and the expected successful conversion of current tendering opportunities into future revenues and cashflows;

ii. the Group's $199.6 million development properties consist of land bank, completed and substantially completed developments, therefore, no significant additional cost required to market the developed properties. With the recent reopening of boarders in the region of the Group's development properties are located, the Group expects the marketing activities to improve and generate cashflow to the Group;

iii. potential divestment of certain assets to extinguish the Group's debt obligations and generate potential cashflow; and

iv. continued support from the Group's existing bankers in rolling over the existing revolving credit facilities as and when they fall due and potential gearing up of the current debt facilities due to improvement in loan to valuation ratio.

In the event that the Group is unable to realise sale of its properties at amounts sufficient to repay its obligations when due, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. The Group may have to reclassify non-current assets and liabilities as current assets and liabilities, and write down assets to net realisable values. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention.

The preparation of these financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On January 1, 2022, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or the cost on initial recognition of an investment in an associate or a joint venture, whichever is applicable.

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given by the Group to the former owners of the acquiree, liabilities incurred by the Group and equity interests issued by the Group in exchange for control of the acquiree. The fair values are those prevailing at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at their fair values prevailing at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. Accounting for subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year from acquisition date.

2.4 Financial instrument

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial assets (Continued)

Amortised cost and effective interest method (Continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the properties construction industry, real estate investment and development and the distribution business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- breach of settlement contract or default in contractual obligations.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group also considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract. For loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without recourse by the Group to actions such as realising security held (if any).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- Nature of business practice and legal framework certain geographic region.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instrument (Continued)

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and term notes are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee which represent the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The right-of-use assets are presented within “property, plant and equipment”. Right-of-use asset which meets the definition of an investment property is presented within “investment properties” and accounted for in accordance with the accounting policy for investment properties.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset (except when it meets the definition of an investment property) is impaired and accounts for any identified impairment loss as described below.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other operating expenses’ in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over the estimated useful lives of the assets using the straight-line method, on the following bases:

	Useful lives
Leasehold properties	Over remaining lease periods
Plant and equipment	3 to 7 years
Motor vehicles	5 years

Depreciation is not provided on properties under construction and freehold land. Building on freehold land is depreciated over 30 years.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the property. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.9 Development properties

Development properties are properties held for development and sale in the ordinary course of business. They include completed properties and properties in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price net of selling expenses. For incomplete properties, all estimated cost to complete the properties are deducted when estimating net realisable value.

2.10 Contract assets and liabilities

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

2.11 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group’s accounting policies. Thereafter, the assets, or disposal group, classified as held as sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group’s accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.13 Other non-current assets

Club memberships are stated at cost less any impairment loss.

2.14 Associates and joint ventures (Equity accounted investees)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates or joint ventures.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Associates and joint ventures (Equity accounted investees) (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Any goodwill representing the excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee at date of acquisition is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. The carrying amount of the investment is reduced by the amount of impairment loss. Impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9 Financial Instruments. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the sum of fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture, is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income, relating to that reduction in ownership interest, if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of non-financial assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.18 Revenue recognition

The Group recognises revenue from the following major sources:

- construction contracts;
- sale of development properties;
- sale of goods;
- worker training and other services; and
- rental income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Revenue from construction contracts</u>

(i) Main contractor for properties construction

The Group constructs residential, industrial and commercial properties with customers under its provision of services as a main contractor. Contracts are entered into before construction of the properties begins.

(ii) Air conditioning and mechanical ventilation systems ("ACMV")

The Group is involved in ACMV business through supplying and installation of air conditioning ventilation systems.

(iii) General builders and general engineering

The Group carries out fabrication and repair of metal formworks, erection of building structural steels and provision of general engineering services.

(iv) Manufacturing of precast components

The Group manufactures concrete precast components for the building industry.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (Continued)

Revenue from construction contracts (Continued)

Under the terms of the contracts for (i) to (iii) above, the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for work done. Revenue from construction contracts is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction projects based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.

For construction contracts, the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Revenue from precast components is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied which is the point when control of goods has transferred to the customer.

Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other related costs incurred to date as a proportion of the estimated total construction and other related costs to be incurred.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money. 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 good or service to a customer and the payment date is one year or less.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (Continued)

Revenue from sale of goods

The Group sells lubricants, petroleum and related products. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied, which is the point when control of goods has transferred to 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.

Under the Group's standard contract terms, customers do not have a right of return.

Worker training and other services

The Group offers construction related training courses and other services. Revenue is recognised as and when the service is rendered, which is the point when control of service has transferred to the customer.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and the applicable effective interest rate.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive the dividend is legally established.

2.19 Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for inclusion as cost of the assets.

Borrowing costs relating to borrowings taken up specifically to finance development properties for which associated revenue is not recognised over time, development of investment properties or properties are added to the cost of the projects or assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.22 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; they relate to income taxes levied by the same taxation authority; and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income tax (Continued)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.23 Foreign currency transactions and translation

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the respective entities operate (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the relevant period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

On consolidation, exchange differences arising from the translation of income and expenses of foreign operations, the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and the translation of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve, a component of the Group's equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of the reporting period.

On the disposal of a foreign operation, accumulated foreign currency translation reserve related to that foreign operation is transferred from equity to profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimates (as described in Note 3.2) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1.1 <u>Going concern assumption</u>

The judgements relating to the going concern assumption are set out in Notes 1 and 4(b)(vi).

3.1.2 <u>Sale of development properties</u>

As described in Note 2, the Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

In determining the point of transfer of control, management reviews the legally binding terms and arrangement of the sales contracts. Judgement is exercised in concluding the timing of revenue recognition, particularly in jurisdictions where terms in sale and purchase agreements are not standardised. Accordingly, timing of revenue recognition for properties in the same jurisdiction may vary depending on the contractual terms and arrangement.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3.2.1 <u>Construction contracts</u>

The Group recognises revenue from construction of residential, industrial and commercial properties using the percentage of completion method. The stage of completion is measured by reference to proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

3.2.1 Construction contracts (Continued)

Significant assumptions and judgements are involved in estimating costs to completion for construction contracts; and in the case of contract work, the recoverable amounts for any variation work. Estimates of cost to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the construction contracts, taking into consideration impact arising from COVID-19 pandemic. The COVID-19 pandemic has resulted in business disruptions and operational changes, which have increased the estimation uncertainty relating to budgeted time and costs needed to complete ongoing projects.

Management has reviewed costs incurred during the period which construction activities were suspended and determined costs which do not represent additional progress towards satisfaction of the Group's performance obligation and accordingly, presented them as part of 'General and administrative expenses' instead of contract costs incurred.

The Singapore Government has introduced various support measures including Jobs Support Scheme, foreign worker levy waivers and rebates and co-sharing of prolongation costs amongst others. Management has assessed their eligibility on the conditions precedent for such measures, if applicable before recognising them as a reduction of cost or contract modifications. Significant estimates and judgments are involved in determining the adjustments to costs and contract sums.

During the course of a project, the contract sum may also be adjusted for variations, omissions and other variable consideration (including liquidated damages). Variations could relate to unpriced change orders approved by customers for which management has to estimate the transaction price. In estimating certain variable consideration to be included in the transaction price, management applies either a probability-weighted approach or most likely amount approach.

Management reviews construction contracts for foreseeable losses whenever there is indication that the sum of fixed price contract and any variation sums may be lower than the total expected construction cost.

The above judgements and estimates affect the amount of revenue recognised (Note 28), the cost included in cost of sales; the recognised profits included; contract assets (Note 10), contract liabilities (Note 24) and provisions (Note 25). Management's estimates take into account known significant events and information available when the financial statements are prepared. They are subject to periodic reassessment. Current estimates may be subject to material change in future depending on market conditions and the results of actions to be taken in future.

3.2.2 Net realisable value of development properties

Development properties (Note 11) are stated at the lower of cost or net realisable value. In determining the net realisable value, management estimates the potential sales proceeds less cost to sell. The estimated selling prices are based either on (i) actual selling price or (ii) selling prices for comparable developments and takes into consideration prevailing market conditions.

In assessing the recoverable amounts of properties for sale and the related costs, management considers the specific courses of action that it has taken or plans to take and expectations regarding the results of these actions. Write-down of development properties is charged to profit or loss (included in other operating expenses). For the financial year ended December 31, 2022, the Group recognised a write-down (net) amounting to $Nil (2021: $8.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

3.2.3 Fair value of investment properties

As at December 31, 2022, the carrying value of the Group's investment properties of approximately $196.8 million (2021: $181.5 million) accounted for 30% (2021: 23.8%) of the Group's total assets. The Group, with reliance on independent professional valuers, applies estimates, assumptions and judgements in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts of the investment properties held directly by the Group in the consolidated financial statements. There is significant judgement in determining the key inputs used in the valuation. These key inputs include discount rate, rental rate, market value of comparable property, capitalisation rate and cost per square metre, and are dependent on the nature of each investment property and the prevailing market conditions. The key unobservable inputs used to determine the fair value of the investment properties are disclosed in Note 14.

Significant valuation issues are reported to the Group's Audit Committee and disclosed in Note 14.

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).

3.2.4 Recoverable amount of receivables from associates/joint ventures and investment in associates

(a) Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS")

The Group has 25.37% equity stake in the associate, DSPDS. The ability to recover receivables from and the carrying amount of investment in DSPDS is dependent on the ability to sell the properties of Dalian Shicheng Property Development Co., Ltd. ("DSPDC"), a subsidiary of DSPDS in Dalian, PRC, at the values estimated by management with the assistance of an independent valuer. The properties named "Singapore Garden" is a multi-phased mixed development in Dalian, PRC.

The investment in DSPDS remained fully impaired as at December 31, 2022 and 2021 based on management's assessment, which takes into consideration the market value of unsold units and undeveloped land.

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of $28.5 million (2021: $28.3 million) for impairment of receivables from DSPDS which represents all receivables from DSPDS as at December 31, 2022.

(b) Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries

The Group has 50% equity stake in the joint venture, SZI. At December 31, 2022, non-current receivables of the Group include $24.2 million (2021: $23.7 million) owing by SZI.

In 2015, SZI and its wholly-owned subsidiary Dalian Blue Oasis Properties Co., Ltd. ("DBOP") entered into agreements to purchase completed and partially completed property units and rights of usage of basement and carparks in DSPDS's multi-phase mixed development in PRC (Singapore Garden, the "Development") for amounts totalling RMB201.1 million (equivalent to $42.2 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

3.2.4 Recoverable amount of receivables from associates/joint ventures and investment in associates (Continued)

(b) *Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries (Continued)*

In 2018, DBOP issued a notification letter to DSPDC on its intent to cancel the sale and purchase agreements ("SPAs") for the sale of residential units from DSPDC to DBOP due to non-delivery of the fully paid purchased residential units within the contracted period under the SPAs by DSPDC. A cancellation agreement was entered into between both parties whereby DSPDC had to refund RMB148.4 million (approximately $29.4 million) due to DBOP and as at December 31, 2022, DBOP has receivables (including interest income receivable) amounting to RMB51.6 million (equivalent to $10.0 million) (2021: RMB49.9 million (equivalent to $10.6 million)) from DSPDC relating to the refund. This receivable is determined to be recoverable.

Rights of usage of carparks bought by DBOP have not been transferred as at December 31, 2022. After considering the financial position of SZI group and the valuation of the properties in the Development at December 31, 2022 by an independent valuer, management expects the amount of $24.2 million (2021: $23.7 million) to be recoverable from SZI. The fair values of the properties are determined using direct comparison method (2021: Direct comparison method) which has considered potential impact of the COVID-19 pandemic on real estate valuations as at December 31, 2022.

3.2.5 Assessment of corporate guarantee given in connection with bank loan of DSPDS (entity described in Note 3.2.4)

The Company together with another shareholder (the "Joint Guarantor") of the associate, DSPDS, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS to lend to its subsidiary, DSPDC for development of Singapore Garden (the "Development"). At December 31, 2022, the outstanding bank loan of DSPDS which is covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to $10.0 million (2021: $10.0 million).

In assessing whether the Group needs to record any loss allowance in respect of the above joint and several corporate guarantee, management engaged an independent professional valuer to estimate the market value of unsold units and remaining land in respect of which there are no development plans as at December 31, 2022.

Based on these estimates, management projects that DSPDC will be able to realise sufficient proceeds to repay its loan from DSPDS and in turn for DSPDS to pay the bank loan.

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on DSPDS's bank loan. However, such payments are expected to be recovered subsequently from the eventual sale of properties in the Development.

Based on the above assessment, management has made the judgement that (a) as of December 31, 2022, no loss allowance needs to be made in connection with the bank guarantees (2021: $Nil); and (b) with the full impairment since 2015 of the Group's investment in DSPDS, the Group discontinues recognition of any share of losses of DSPDS group.

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC, the ability to sell the properties for the estimated amounts, the timing of sale relative to timing of repayment of bank loans and the assumption that the Joint Guarantor will fund 50% of any cash required for instalment payments due on the bank loans.

Management monitors the above projections, reassess the judgements and accounting estimates periodically.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

3.2.6 Expected credit losses of trade and other receivables (other than disclosed in Note 3.2.4 above) and contract assets

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of trade and other receivables and contract assets are disclosed in Notes 7 and 10 respectively in the financial statements.

3.2.7 Impairment in investments in subsidiaries, associates and joint ventures

The Group assesses annually whether there any indication of impairment in its investments in subsidiaries, associates and joint ventures. Management has carried out a review of the recoverable amount of the investment in subsidiaries, associates and joint ventures having regard to the existing performance and the carrying value of the net tangible assets of the respective subsidiaries, associates and joint ventures.

Where there is indicator of impairment, management has estimated the recoverable amount based on higher of fair value less costs to sell or value-in-use. Significant estimates and judgements are involved in determining the appropriate valuation method (for fair value assessment) and assumptions applied.

As at the end of the reporting period, allowance for impairment loss of $53.3 million (2021: $51.6 million) and reversal of $0.4 million (2021: impairment loss of $0.4 million) have been made for investments in subsidiaries (Note 16) and joint ventures (Note 17) respectively based on the market conditions reflecting the recoverability of the net assets in subsidiaries, associates and joint ventures.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**143,853**	170,034	**81,583**	120,934
Financial liabilities				
Financial liabilities at amortised cost	**460,365**	572,228	**94,899**	85,578
Lease liabilities	**1,612**	2,487	**–**	–

The Group and Company do not have any significant financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives

The Group's overall financial risk management program seeks to minimise potential adverse effects of financial performance of the Group arising from foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's exposure to foreign currency risk primarily arises from its foreign currency denominated trade and other receivables, and trade and other payables. The Group has some investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities of the same currency. The Group does not have any derivative financial instruments relating to foreign currency risk.

US Dollar is the currency which gives rise to most of the Group's foreign exchange exposures. At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in US Dollar are as follows:

	Group		**Company**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Assets	**2**	46	**–**	–
Liabilities	**4,142**	2,085	**–**	–

Foreign currency sensitivity

The following illustrates the sensitivity to a 10% increase and decrease in US Dollar against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A 10% weakening of the functional currency of each group entity and the Company against the US Dollar would increase (decrease) loss before tax for the year of the Group and Company by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		**Company**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
US Dollar	**414**	204	**–**	–

A 10% strengthening of the functional currency of each group entity and the Company against the US Dollar would have decreased/(increased) loss before tax of the Group and Company for the year by the same amount shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management

The Group's and the Company's exposure to interest rate risk relates primarily to debt obligations. The interest rates for borrowings are stated in Note 20 to the financial statements.

The Group may from time to time enter into derivative financial instruments to manage its exposures to interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of a financial year and is held constant throughout the reporting period.

Had interest rates been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's development properties as at December 31, 2022 would have increased/decreased by $0.2 million (2021: $0.3 million); and the Group's loss before tax for the financial year ended December 31, 2022 would have increased/decreased by $0.9 million (2021: $1.5 million).

(iii) Managing interest rate benchmark reform and associated risks

The Group has not completed its transition from Interbank Offered Rates ("IBORs") and Singapore Swap Offer Rate ("SOR") to new benchmark rates as at December 31, 2022.

The key risk for the Group arising from the transition is interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of existing interest rate benchmarks, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by the Group's interest rate risk management strategy.

Non-derivative financial liabilities

The Group's IBORs exposures to non-derivative financial liabilities as at December 31, 2022 included secured bank loans indexed to SIBOR and SOR. The Group is still in the process of communication with the counterparties for all SIBOR and SOR indexed exposures and specific changes have yet been agreed.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) *Managing interest rate benchmark reform and associated risks* (Continued)

Non-derivative financial liabilities (Continued)

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBORs (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at December 31, 2022 and 2021. The amounts of financial liabilities are shown at their carrying amounts.

	SIBOR		SOR		LIBOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group						
2022						
Secured bank loans	**6,596**	**–**	**12,150**	**–**	**–***	**–**
2021						
Secured bank loans	6,870	–	3,150	–	53,376	–
Company						
2022						
Secured bank loans	**–**	**–**	**–**	**–**	**–**	**–**
2021						
Secured bank loan	–	–	–	–	–	–

* In 2022, the loan was refinance to Secured Overnight Financing Rate (SOFR)

(iv) *Overview of the Group's exposure to credit risk*

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

The carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees (Note 36), represents the Group's and Company's maximum exposure to credit risk without taking into account the value of any collateral which can reduce the exposure.

To measure the exposures to credit risk, trade receivables and contract assets have been grouped based on characteristics and the days past due derived from the Group's own trading records. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group uses its trading records to rate its major customers and other debtors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Overview of the Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's and Company's trade and other receivables and contract assets as well as maximum exposure to credit risk:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2022						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**39,544**	**(4,699)**	**34,845**
Other receivables	7	(ii)	12-month ECL	**58,067**	**–**	**58,067**
Other receivables	7	(iii)	Lifetime ECL-credit impaired	**30,605**	**(30,605)**	**–**
Contract assets	10	(i)	Lifetime ECL (simplified approach)	**27,697**	**–**	**27,697**
				155,913	**(35,304)**	**120,609**
2021						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	47,482	(4,741)	42,741
Other receivables	7	(ii)	12-month ECL	58,845	–	58,845
Other receivables	7	(iii)	Lifetime ECL-credit impaired	30,058	(30,058)	–
Contract assets	10	(i)	Lifetime ECL (simplified approach)	32,145	–	32,145
				168,530	(34,799)	133,731
2022						
Other receivables	7	(iii)	Lifetime ECL	**101,053**	**(22,060)**	**78,993**
2021						
Other receivables	7	(iii)	Lifetime ECL	132,835	(12,026)	120,809

(i) The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

(ii) The Group determines that these receivables are not past due and have low risk of default.

(iii) Loss allowance has been determined after taking into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

Cash and cash equivalents are subject to immaterial credit loss.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Credit risk management

Before accepting any new customer, management assesses the potential customer's credit quality and defines credit limits by customer. Limits granted to customers are reviewed periodically. The Group's exposure to credit risks and the credit limits to counterparties are continuously monitored. The Group monitors collections due and follow up with debtors as part of the credit management process.

Trade receivables consist of a number of customers from the construction and real estate industry. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with good credit-ratings.

The Group carries out construction work for the public and private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

Rental deposits are received as security from tenants of its investment properties.

At December 31, 2022, the maximum aggregate amount the Group can be liable under the financial guarantees in Note 36 is approximately $23.7 million (2021: $30.0 million).

The maximum amount the Company could be liable to settle under the corporate guarantees given to banks in connection with facilities utilised by the subsidiaries is stated in Note 36.

Management monitors the financial performance of the parties in respect of which the Group or the Company has provided guarantees to third parties.

(vi) Liquidity risk management

Going concern assessment

The Group recorded a total comprehensive income of $25.2 million (2021: total comprehensive loss of $38.4 million) for the year ended December 31, 2022.

As of December 31, 2022, the Group's current assets amounted to $341.8 million (2021: $465.2 million) and its current liabilities amounted to $271.0 million (2021: $433.7 million). However, the Group's current assets include development properties amounting to $199.6 million (2021: $296.9 million) that may not be realisable within one year as the normal operating cycle for development properties exceeds one year.

The factors above, along with the other matters disclosed in Note 1 to the financial statements, indicate the existence of events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. Notwithstanding this, management has assessed that the Group is still able to maintain sufficient liquidity to enable the Group to continue as a going concern for at least the next 12 months from the date of authorisation of these financial statements as disclosed in Note 1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(vi) Liquidity risk management *(Continued)*

Non-derivative financial liabilities (Continued)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2022						
Non-interest bearing	**–**	**141,076**	**–**	**–**	**–**	**141,076**
Lease liabilities (fixed rate)	**4.0**	**607**	**1,108**	**36**	**(139)**	**1,612**
Fixed interest rate instruments	**3.8**	**44,342**	**58,026**	**1,584**	**(4,362)**	**99,590**
Variable interest rate instruments	**3.9**	**63,736**	**62,185**	**102,396**	**(8,618)**	**219,699**
		249,761	**121,319**	**104,016**	**(13,119)**	**461,977**
2021						
Non-interest bearing	–	128,767	–	–	–	128,767
Lease liabilities (fixed rate)	4.3	1,206	1,461	5	(185)	2,487
Fixed interest rate instruments	3.8	45,561	58,302	1,886	(6,528)	99,221
Variable interest rate instruments	3.1	203,813	70,198	80,833	(10,604)	344,240
		379,347	129,961	82,724	(17,317)	574,715
Company						
2022						
Non-interest bearing	**–**	**4,641**	**–**	**–**	**–**	**4,641**
Fixed interest rate instruments	**3.7**	**33,336**	**52,294**	**–**	**(2,872)**	**82,758**
Variable interest rate instruments	**5.7**	**2,572**	**5,286**	**–**	**(358)**	**7,500**
		40,549	**57,580**	**–**	**(3,230)**	**94,899**
2021						
Non-interest bearing	–	3,268	–	–	–	3,268
Fixed interest rate instruments	3.9	27,633	49,065	–	(4,468)	72,230
Variable interest rate instruments	3.9	5,228	5,196	–	(344)	10,080
		36,129	54,261	–	(4,812)	85,578

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(vi) *Liquidity risk management (Continued)*

Non-derivative financial assets (Continued)

The following table details the expected maturity for non-derivative financial assets based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The adjustment column represents the future interest which is not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2022						
Non-interest bearing	**–**	**77,941**	**–**	**–**	**–**	**77,941**
Fixed interest rate instruments	**3.0**	**21,289**	**–**	**–**	**(547)**	**20,742**
Variable interest rate instruments	**2.4**	**46,269**	**–**	**–**	**(1,099)**	**45,170**
		145,499	**–**	**–**	**(1,646)**	**143,853**
2021						
Non-interest bearing	–	103,085	–	–	–	103,085
Fixed interest rate instruments	0.3	20,668	–	–	(42)	20,626
Variable interest rate instruments	2.4	47,444	–	–	(1,121)	46,323
		171,197	–	–	(1,163)	170,034
Company						
2022						
Non-interest bearing	**–**	**28,639**	**–**	**–**	**–**	**28,639**
Variable interest rate instruments	**4.7**	**55,426**	**–**	**–**	**(2,482)**	**52,944**
		84,065	**–**	**–**	**(2,482)**	**81,583**
2021						
Non-interest bearing	–	24,641	–	–	–	24,641
Variable interest rate instruments	3.4	100,002	–	–	(3,709)	96,293
		124,643	–	–	(3,709)	120,934

(v) *Fair value of financial assets and liabilities*

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other current liabilities approximate their respective fair values due to relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while optimising the return to stakeholders through a mix of equity balance and debts which comprise bank borrowings (Note 20), lease liabilities (Note 22) and term notes (Note 23).

Management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital; and the tenures and risks associated with each class of capital. Management also reviews compliance with financial covenants associated with borrowings. During the current year ended December 31, 2022, the Group sought a consent solicitation to (i) suspend compliance with the financial covenant requirements for its term notes (Note 23) from July 26, 2023 to July 26, 2026, (ii) extend the maturity date of the term notes to July 26, 2026 (iii) amend the non-disposal provision under Trust Deed of the term note and (iv) waive non-disposal provision of the assets of its principal subsidiaries. The suspension of compliances with the relevant financial covenants, extension of maturity date, and the amendment and waiver were approved in November 2022.

The Group balances its overall capital structure through issuance of new debt or the redemption of existing debt, issuance of new shares or payment of dividends. The Group's overall strategy for capital management remains unchanged from the prior year.

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are between members of the Group and with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between members of the Group have been eliminated on consolidation and are not disclosed.

Transactions with related parties during the year other than disclosed elsewhere in the financial statements were as follows:

	Group	
	2022	2021
	$'000	$'000
Income from associates		
Construction revenue	**41**	41
Accounting and administrative services	**58**	58
Income from associates and joint ventures		
Interest income	**1,028**	1,055
Sale of goods	**684**	964
Income from/(expenses charged by) companies in which certain directors have control		
Sales and service of air-conditioners	**7**	21
Maintenance income	**–**	8
Management fee income	**311**	384
Rental income	**37**	40
Ad-hoc services rendered	**69**	–
Worker management services	**(345)**	(100)
Medical fee expense	**(73)**	(84)
Miscellaneous expenses	**–**	(55)
Dormitory rental expense	**(313)**	(486)
Interest expense	**(890)**	(668)
Directors		
Interest expense	**(375)**	(375)
Key management personnel		
Interest expense	**(15)**	(15)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

	Group	
	2022	2021
	$'000	$'000
Short-term benefits	**2,338**	2,273
Post-employment benefits (including Central Provident Fund)	**104**	89
Director fees	**196**	158
	2,638	2,520

The remuneration of directors and other key management personnel is determined by the Remuneration Committee having regard to the financial performance of the Group, the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**27,242**	44,376	**2,590**	125
Fixed deposits[(1)]	**21,018**	20,626	**–**	–
	48,260	65,002	**2,590**	125
Less: Pledged cash and fixed deposits[(2)]	**(5,793)**	(10,997)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**42,467**	54,005	**2,590**	125

(1) Fixed deposits earn interest ranging from 0.10% to 4.05% (2021: 0.05% to 0.4%) per annum.
(2) Tenure for pledged fixed deposits range from 1 to 12 months (2021: 1 to 12 months).

Included in the cash and bank balances of the Group is an amount of $Nil (2021: $2.4 million) held under the terms set by the bank, withdrawals from which are restricted to payments for expenditure incurred on the respective development properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade receivables due from:				
Sale of goods and services	**7,955**	7,934	**–**	–
Property development customers	**12,154**	15,710	**–**	–
Construction contract customers	**17,759**	22,648	**–**	–
Associates (Note 5)	**244**	200	**–**	–
Joint ventures (Note 5)	**1,294**	948	**–**	–
Companies in which certain directors have control (Note 5)	**138**	42	**–**	–
Less: Loss allowance				
– Associates (Note 5)	**(57)**	(57)	**–**	–
– Third parties	**(4,642)**	(4,684)	**–**	–
	34,845	42,741	**–**	–
Other receivables due from:				
Third parties	**1,056**	1,107	**–**	–
Associates (Note 5)	**55,254**	55,897	**–**	–
Joint ventures (Note 5)	**32,298**	31,870	**–**	–
Subsidiaries (Note 5)	**–**	–	**101,053**	132,835
Companies in which certain directors have control (Note 5)	**63**	27	**–**	–
Less: Loss allowance				
– Third parties	**(171)**	(203)	**–**	–
– Associates (Note 5)	**(28,776)**	(28,597)	**–**	–
– Joint ventures (Note 5)	**(1,658)**	(1,258)	**–**	–
– Subsidiaries (Note 5)	**–**	–	**(22,060)**	(12,026)
	58,066	58,843	**78,993**	120,809
Staff loans	**1**	2	**–**	–
Grant receivables	**–**	12	**–**	–
Total trade and other receivables	**92,912**	101,598	**78,993**	120,809
Current	**42,152**	51,080	**34,388**	32,744
Non-current	**50,760**	50,518	**44,605**	88,065
	92,912	101,598	**78,993**	120,809

7.1 Trade receivables

Credit periods generally range from 30 to 120 days (2021: 30 to 120 days). No interest is charged on overdue trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.1 Trade receivables (Continued)

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default $'000	Lifetime ECL $'000	Total $'000
2022				
Current (not past due)	*****	**2,853**	**–**	**2,853**
1 to 90 days past due	*****	**14,363**	**–**	**14,363**
91 to 180 days past due	**0.9**	**1,152**	**(10)**	**1,142**
181 to 360 days past due	**1.2**	**6,111**	**(72)**	**6,039**
More than 360 days past due	**30.6**	**15,065**	**(4,617)**	**10,448**
		39,544	**(4,699)**	**34,845**
2021				
Current (not past due)	*	17,848	–	17,848
1 to 90 days past due	*	4,866	–	4,866
91 to 180 days past due	*	721	–	721
181 to 360 days past due	0.5	11,062	(56)	11,006
More than 360 days past due	36.1	12,985	(4,685)	8,300
		47,482	(4,741)	42,741

* The weighted credit loss rate is assessed as negligible. Included in amounts past due more than 180 days is $11.9 million (2021: $15.4 million) for which billings were made based on contractual arrangements with the buyers for certain development properties. Corresponding contract liabilities (Note 24) are recognised for these billings.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	$'000
Balance as at January 1, 2021	4,414
Amounts written off against allowance	(156)
Loss allowance recognised in profit or loss during the year	483
Balance as at December 31, 2021	4,741
Amounts written off against allowance	(102)
Loss allowance recognised in profit or loss during the year	60
Balance as at December 31, 2022	**4,699**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.2 Other receivables

Interest is charged at 2.0% to 6.8% (2021: 2.0% to 6.8%) per annum by the Group and Company on other receivables due from certain associates, joint ventures and subsidiaries.

The Company's other receivables due from subsidiaries are repayable on demand.

For purpose of impairment assessment, other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition apart for those which loss allowance has been recognised. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The following table shows the movement in ECL that has been recognised for credit impaired other receivables.

Group	**$'000**
Balance as at January 1, 2021	29,404
Loss allowance recognised in profit or loss during the year	654
Balance as at December 31, 2021	30,058
Loss allowance recognised in profit or loss during the year	547
Balance as at December 31, 2022	**30,605**

8 DEPOSITS AND PREPAYMENTS

	Group		**Company**	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Deposits placed with third parties	**2,681**	3,446	**–**	–
Prepayments	**14,155**	7,949	**14**	14
	16,836	11,395	**14**	14

9 INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Finished goods	**7,031**	3,050
Raw materials	**232**	613
	7,263	3,663

The cost of inventories recognised as an expense for the financial year amounted to $14.2 million (2021: $20.5 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

10 CONTRACT ASSETS

	Group	
	2022	2021
	$'000	$'000
Retention monies on contract work:		
– Third parties	**19,567**	22,632
Accrued income:		
– Construction contract customers	**8,130**	9,513
	27,697	32,145

Amounts relating to construction contracts customers are balances due from customers under construction contracts that arise when the Group completed the work but not billed. The Group had previously recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Retention monies are classified as current as they are expected to be received within the Group's normal operating cycle.

Significant changes in contract assets in the current and prior year are due to changes in (i) retention monies which will coincide with the progress of work performed; (ii) measurement of progress contract asset which have not been billed as at year end; and (iii) variable consideration arising from delay of completion of contract work (netted against accrued income).

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due and no loss allowance is recognised as the credit loss rate is assessed as negligible.

11 DEVELOPMENT PROPERTIES

	Group	
	2022	2021
	$'000	$'000
Completed properties held for sale	**155,718**	113,323
Properties under development:		
Unsold units	**34,844**	176,901
Contract costs (Note (i))	**9,048**	6,711
	43,892	183,612
	199,610	296,935

In 2021, the cost of development properties recognised as an expense includes $8.3 million in respect of write-down of certain development property to net realisable value of $8.6 million net of reversal of $0.2 million.

Development properties are classified as current assets in accordance with SFRS(I) 1-1 *Presentation of Financial Statements* as they are expected to be realised in the normal operating cycle.

The carrying amount of development properties which are mortgaged to banks as security for credit facilities obtained by the Group (Note 20) amounted to $194.5 million (2021: $291.0 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

11 DEVELOPMENT PROPERTIES (CONTINUED)

The cost of development properties includes the following items which have been charged during the year:

	Group	
	2022	2021
	$'000	$'000
Interest expense capitalised (Note 31)	**2,412**	6,694
Reversal of significant financial component	**(5,073)**	–
Write-down of development properties, net (Note 30)	**–**	8,313

Note (i) Contract costs – Capitalised commission

Management expects the incremental commission fees paid to property agents as a result of securing sale contracts to be recoverable from customers. The Group has therefore capitalised the commission fees and amortised these commission fees when the related revenue is recognised.

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of the year	**6,711**	5,143
Additions	**2,374**	1,460
Exchange differences	**(37)**	108
Balance at end of the year	**9,048**	6,711

The weighted average rate of capitalisation of the interest expenses for the financial year ended 31 December 2022 is 4.95% (2021: 3.1%) per annum.

Particulars of the development properties as at December 31, 2022 are as follows:

Description	**Location**	**Approximate saleable area (Sq. Metres)**	**Completed/ estimated date of completion**	**Tenure**	**Site area (Sq. Metres)**
Property in Singapore					
Ascent @ 456 (Commercial)	456 Balestier Road	899*	Completed	Freehold	1,084
Properties in Thailand					
De Iyara Grande (Commercial and residential)	Khlong Luang District Pathum Thani, Thailand	1,049*	Completed	Freehold	16,000
iResidence (Serviced apartment)	Khlong Luang District Pathum Thani, Thailand	3,399*	Completed	Freehold	1,586
Commercial and residential	Khlong Sam District Pathum Thani, Thailand	44,684**	Completed	Freehold	89,580
Property in Cambodia					
The Gateway (Commercial and residential)	Russian Boulevard, Phnom Penh, Cambodia	64,200	Completed#	Freehold	6,072

* Area of completed units yet to be sold.

** Except for Phase 1 with saleable area of 4,760 Sq Metres which was completed in August 2021, the remaining phases' development plans have not been finalised.

\# The development is completed except for Residential Tower 2 development with saleable area of 19,448 Sq Metres which is substantially completed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

12 NON-CURRENT ASSET HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSET CLASSIFIED AS HELD FOR SALE

On October 27, 2021, two independent third party individuals exercised the option to purchase the investment property at 1 Leonie Hill Road #28-01 Singapore 239191, held by Sino Holdings (S'pore) Pte Ltd, a wholly-owned subsidiary of the Company. The sale has been completed on April 1, 2022.

The major classes of assets and liabilities of non-current asset held for sale in 2021 comprising the "non-current asset held for sale" and "liabilities directly associated with asset classified as held for sale" were as follows:

	Group	
	2022	2021
	$'000	$'000
Investment property (Note 14)	–	4,935
Total non-current asset held for sale	–	4,935
Borrowings (Note 20)	–	4,086
Trade and other payables	–	64
Total liabilities directly associated with asset classified as held for sale	–	4,150
Balance at end of the year	–	785

The borrowings are secured by the investment property and corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold properties $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Cost:					
At January 1, 2021	11,873	51,867	42,301	9,782	115,823
Additions	–	641	1,421	135	2,197
Exchange differences	(156)	(501)	(438)	(280)	(1,375)
Written off	–	(148)	(9)	(123)	(280)
Disposals	(604)	–	(7)	(492)	(1,103)
At December 31, 2021	11,113	51,859	43,268	9,022	115,262
Additions	–	–	2,017	490	2,507
Exchange differences	(827)	(261)	(678)	(184)	(1,950)
Written off	–	(1,025)	(17)	(249)	(1,291)
Disposals	–	–	(1,413)	(654)	(2,067)
At December 31, 2022	**10,286**	**50,573**	**43,177**	**8,425**	**112,461**
Accumulated depreciation:					
At January 1, 2021	1,839	17,781	35,893	7,159	62,672
Depreciation (Note 33)	268	2,468	3,453	962	7,151
Exchange differences	(25)	(69)	(268)	(229)	(591)
Written off	–	(148)	(8)	(123)	(279)
Disposals	(212)	–	(3)	(465)	(680)
At December 31, 2021	1,870	20,032	39,067	7,304	68,273
Depreciation (Note 33)	268	2,380	2,260	730	5,638
Exchange differences	(122)	(26)	(568)	(156)	(872)
Written off	–	(875)	(12)	(240)	(1,127)
Disposals	–	–	(994)	(654)	(1,648)
At December 31, 2022	**2,016**	**21,511**	**39,753**	**6,984**	**70,264**
Accumulated Impairment losses:					
At January 1, 2021	–	284	–	–	284
Impairment loss[1]	–	1,000	–	–	1,000
At December 31, 2021	–	1,284	–	–	1,284
Impairment loss	–	–	–	–	–
At December 31, 2022	**–**	**1,284**	**–**	**–**	**1,284**
Net book value:					
At December 31, 2022	**8,270**	**27,778**	**3,424**	**1,441**	**40,913**
At December 31, 2021	9,243	30,543	4,201	1,718	45,705

(1) Impairment loss is determined based on valuation performed by independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The carrying amount of the Group's property, plant and equipment includes the following right-of-use ("ROU") assets:

	2022 $'000	2021 $'000
Plant and equipment	**84**	38
Motor vehicles	**604**	946
Leasehold properties	**27,778**	30,543
Total	**28,466**	31,527

The depreciation arising from ROU assets charged during the year is as follows:

	2022 $'000	2021 $'000
Plant and equipment	**132**	36
Motor vehicles	**392**	570
Leasehold properties	**2,380**	2,468
Total	**2,904**	3,074

Additions to ROU assets amounted to $0.2 million (2021: $0.7 million) for the year ended December 31, 2022.

(b) Cash payments of $2.3 million (2021: $1.5 million) were made to purchase property, plant and equipment during the year.

(c) Certain leasehold properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

(d) Details of properties are as follows:

Location	**Description**	**Title**	**Gross area (Sq. Metres)**
1 Jalan Berseh, #03-01 to #03-05, #03-07 to #03-10, #03-13 and #03-16 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from 31 March 1994)	1,225
53 Sungei Kadut Loop Singapore 729502	Warehouse/Dormitory	Leasehold (30 years from 16 March 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/Dormitory	Leasehold (initial lease term of 30 years from 16 December 1990 and further extended to 15 December 2025)	6,168
Tuas South Street 11 Singapore	Warehouse	Leasehold (20 years and 10 months from 21 October 2014)	10,000
No. 224, 232/1-7 & 232/9 Okkiam Thoraippakkam Industrial Estate Chennai 600096 India	Vacant, previously used as test centre	Freehold	8,986
No. 23 Vengadamangalam Village Chengalpet Taluk Kancheepura District Chennai 600048 India	Test centre	Freehold	15,378*
Lot 3712, Batu 28 Jalan Johor Mukim Rimba Terjun Pontian 82001 Johor	Factory for manufacturing of pre-cast concrete components	Freehold	37,484

* Subject to survey.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

14 INVESTMENT PROPERTIES

	Group 2022 $'000	Group 2021 $'000
At fair value		
Balance at beginning of the year	**181,480**	213,560
Disposal during the year	**–**	(19,820)
Reclassified to held for sale (Note 12)	**–**	(4,935)
Changes in fair value included in profit or loss	**15,360**	(7,325)
Balance at end of the year	**196,840**	181,480

Details of the investment properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh, #01-03, #01-15, #01-16, #02-02 to #02-28, #03-11, #03-12, #03-14, #03-15 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from 31 March 1994)	2,445
1 Tuas South Street 12 Singapore 636946	Dormitory	Leasehold (20 years from 7 July 2014)	52,038
150 Orchard Road, #02-19/20 Orchard Plaza, Singapore 238841	Commercial	Leasehold (99 years from 2 June 1977)	325

The fair values of the Group's investment properties have been determined on the basis of valuations carried out at or close to the respective year end dates by independent qualified valuers experienced in the location and category of the properties being valued. The valuations were arrived at (i) by reference to market evidence of transacted prices per square metre in the open market for comparable properties, adjusted for differences such as location, age and size; (ii) discounted cash flow analysis; and/or (iii) income capitalisation method.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. Fair value measurements of the Group's investment properties at December 31, 2022 and 2021 are classified as Level 3 in the fair value hierarchy, as defined in Note 3 to the financial statements.

The following table shows the significant unobservable inputs used in the valuation models for the investment properties classified as Level 3 in the fair value hierarchy:

Valuation technique	Significant unobservable input(s)	Commercial	Dormitory
Direct comparison method	Comparable price (Adjusted price per number of bed)(1)	NA	Average of $17,000 (2021: NA)
Direct comparison method	Comparable price (Adjusted price per square metre)(1)	$10,900 to $24,400 (2021: $11,400 to $23,200)	NA (2021: Average of $2,200)
Discounted cash flow (DCF) Analysis	Discount rate(2)	NA	8% (2021: NA)
Income capitalisation method	Capitalisation rate(2)	NA	NA (2021: 7.5%)

14 INVESTMENT PROPERTIES (CONTINUED)

NA: Not applicable.

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

Certain investment properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

Rental income from the Group's investment properties amounted to $26.9 million (2021: $23.2 million). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to $3.7 million (2021: $3.6 million).

15 GOODWILL

	Group	
	2022	2021
	$'000	$'000
At Cost:		
Beginning and end of financial year	**2,595**	2,595
Accumulated impairment losses:		
Beginning and end of financial year	**836**	836
Carrying amount:	**1,759**	1,759

Goodwill acquired in a business combination is allocated, at acquisition, to the following cash-generating units ("CGUs") that are expected to benefit from that business combination:

	Group	
	2022	2021
	$'000	$'000
Cash-generating units		
Tiong Aik Resources (S) Pte Ltd and its subsidiary	**1,728**	1,728
Others	**31**	31
	1,759	1,759

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are in excess of their respective carrying amounts as at December 31, 2022 and 2021. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of the CGUs are based would not result in the carrying amount to exceed the recoverable amount of the related CGUs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

16 SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Cash-generating units		
Unquoted equity shares at cost	**130,992**	115,965
Add: Additions during the year	**46,050**	15,027
Less: Strike off	**(1,125)**	–
Less: Allowance for impairment		
Balance at beginning of the year	**(51,608)**	(37,861)
Additional during the year	**(2,030)**	(13,747)
Written off	**293**	–
Balance at end of the year	**(53,345)**	(51,608)
	122,572	79,384

On May 20, 2022 and December 5, 2022, the Company increased investment in its wholly owned subsidiary, Sino Holdings (S'pore) Pte Ltd for an additional $20 million for 20 million shares at each date by way of capitalising of amount due.

On July 19 2022, the Company invested additional $50,000 for 50,000 shares to Credence Engineering Pte Ltd.

On December 30, 2022, Company increased investment in its wholly owned subsidiary, Tiong Aik Construction Pte Ltd by subscribing an additional $6 million for 6 million shares by way of capitalising of amount due.

The Company has struckoff Tiong Aik Development Pte Ltd from the Register of Companies under Section 344A of the Companies Act 1967, with effect from June 6, 2022. Cost of $1.1 million and accumulated impairment of $0.3 million was written off.

The Company carried out a review of the recoverable amounts of the investments in subsidiaries based on fair value less costs to sell. Based on the review performed, additional impairment loss of $2.0 million (2021: $12.7 million) was recognised during the financial year ended December 31, 2022.

Details of the Company's significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities/ country of incorporation and operations	Group's proportion of voting power held	
		2022	2021
		%	%
Aston Air Control Pte Ltd	Installation and contractor for servicing of air conditioning systems/Singapore	**90**	90
Sino Holdings (S'pore) Pte Ltd	Investment holding/Singapore	**100**	100
TA Builders Pte. Ltd.	Building construction/Singapore	**100**	100
Tiong Aik Construction Pte Ltd	Building construction/Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

16 SUBSIDIARIES (CONTINUED)

Name of significant subsidiaries	Principal activities/ country of incorporation and operations	Group's proportion of voting power held 2022 %	2021 %
Held by Sino Holdings (S'pore) Pte Ltd			
TA Realty Pte. Ltd.	Real estate development/Singapore	**100**	100
Nexus Point Investments Pte. Ltd.	Dormitory operator/Singapore	**62**	62
Sireerin Signature Co., Ltd[(1)]	Real estate development/Thailand	**70**	70
Prime Industries Pre-cast Pte. Ltd.	Structural works, specialised construction and related activities/Singapore	**100**	100
Pure Genesis Sdn. Bhd.[(2)]	Manufacturer of pre-cast, pre-stressed reinforced concrete products/Malaysia	**100**	100
Que Holdings Pte. Ltd.	Trading in lubricants/Singapore	**51**	51
Invest (CR) Pte. Ltd.	Investment holding/Singapore	**85**	85
Held by Invest (CR) Pte. Ltd.			
TACC (C.R) Ltd[(3)]	Real estate development/Cambodia	**72.25**	72.25
Held by TA Builders Pte. Ltd.			
Quest Homes Pte. Ltd.	Real estate development/Singapore	**100**	100
Held by Que Holdings Pte. Ltd.			
TA Resources Myanmar Company Limited[(4)]	Trading in lubricants/Myanmar	**51**	51

Note

Apart from Sireerin Signature Co., Ltd which the Group's proportion of ownership interest is 49%, the ownership interest in the above significant subsidiaries is the same as voting power held.

(1) Audited by Sasikrig Audit & Legal Consulting, Thailand.

(2) Audited by P.S.Yap, Isma & Associates, Malaysia.

(3) No statutory audit requirement. The entity is audited by Fii & Associates, Cambodia for consolidation purposes.

(4) No statutory audit requirement. The entity is audited by CLA Global TS Public Accounting Corporation for consolidation purposes.

All other subsidiaries listed above are audited by CLA Global TS Public Accounting Corporation, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

16 SUBSIDIARIES (CONTINUED)

Non-controlling interests

	Group	
	2022	2021
	$'000	$'000
Carrying value of non-controlling interests		
Nexus Point Investments Pte. Ltd.	**(3,201)**	(14,034)
Que Holdings Pte. Ltd.	**3,901**	3,889
Tiong Aik Resources (S) Pte Ltd	**5,797**	4,345
Other subsidiaries with immaterial non-controlling interests	**(867)**	(3,049)
	5,630	(8,849)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	Nexus Point Investments Pte. Ltd. $'000	**Que Holdings Pte. Ltd. $'000**	**Tiong Aik Resources (S) Pte Ltd $'000**
2022			
Summarised income statements			
Revenue	**26,401**	**6,892**	**6,480**
Profit after taxation	**28,507**	**214**	**3,377**
Other comprehensive loss	**–**	**(51)**	**–**
Total comprehensive income	**28,507**	**163**	**3,377**
Attributable to non-controlling interests:			
• Profit after taxation	**10,832**	**105**	**1,452**
• Other comprehensive loss	**–**	**(25)**	**–**
• Total comprehensive income	**10,832**	**80**	**1,452**
• Dividend paid to non-controlling interests	**–**	**67**	**–**
Summarised financial position			
Current assets	**23,054**	**10,331**	**11,269**
Non-current assets	**156,171**	**1,477**	**3,216**
Liabilities	**(15,777)**	**(3,589)**	**(1,003)**
Non-current liabilities	**(171,872)**	**(257)**	**–**
Net (liabilities)/assets	**(8,424)**	**7,962**	**13,482**
Summarised cash flows			
Net cash generated from/(used in) operating activities	**14,803**	**(1,507)**	**4,158**
Net cash generated from/(used in) investing activities	**125**	**852**	**(1,717)**
Net cash (used in)/generated from financing activities	**(34,153)**	**491**	**–**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

16 SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

	Nexus Point Investments Pte. Ltd. $'000	Que Holdings Pte. Ltd. $'000	Tiong Aik Resources (S) Pte Ltd $'000
2021			
Summarised income statements			
Revenue	22,234	5,351	1,161
Profit after taxation	1,469	460	724
Other comprehensive income	–	156	–
Total comprehensive income	1,469	616	724
Attributable to non-controlling interests:			
• Profit after taxation	558	225	311
• Other comprehensive income	–	76	–
• Total comprehensive income	558	301	311
• Dividend paid to non-controlling interests	–	7	43
Summarised financial position			
Current assets	28,937	7,617	7,604
Non-current assets	140,467	2,345	3,220
Liabilities	(13,257)	(2,026)	(720)
Non-current liabilities	(193,079)	–	–
Net (liabilities)/assets	(36,932)	7,936	10,104
Summarised cash flows			
Net cash generated from/(used in) operating activities	13,447	(725)	607
Net cash (used in)/generated from investing activities	(52)	5,956	(156)
Net cash (used in)/generated from financing activities	(4,199)	5,486	(100)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES

	Group	
	2022	2021
	$'000	$'000
Associates		
Cost of investment in associates	**10,674**	10,674
Allowance for impairment in an associate	**(4,811)**	(4,811)
Share of post-acquisition total comprehensive income, net of dividend received	**1,653**	165
	7,516	6,028
Joint ventures		
Cost of investment in joint ventures	**12,189**	12,189
Allowance for impairment in joint ventures(i)	**–**	(426)
Share of post-acquisition total comprehensive loss, and of dividend received	**(4,710)**	(4,685)
	7,479	7,078
Interest in an unincorporated joint venture	**2,216**	2,216
Total associates and joint ventures	**17,211**	15,322

(i) Reversal of allowance for impairment losses as the recoverable amount exceeds the carrying amount

(a) Details of the Group's significant associates and joint ventures are as follows:

Name of significant associates and joint ventures	Principal activities/ Country of incorporation and operations	Effective equity interest		Proportion of ownership and voting power held	
		2022 %	2021 %	**2022 %**	2021 %
Associates					
Held by Sino Holdings (S'pore) Pte Ltd					
Meadows Bright Development Pte Ltd(1)	Real estate development/ Singapore	**50**	50	**50**	50
Dalian Shicheng Property Development (S) Pte. Ltd.(5)	Investment holding/ Singapore	**25.37**	25.37	**25.37**	25.37
FSKH Development Pte. Ltd.(3)	Real estate development/ Singapore	**20**	20	**20**	20
Held by Dalian Shicheng Property Development (S) Pte. Ltd.					
Dalian Shicheng Property Development Co., Ltd.(4)	Development of properties/ People's Republic of China	**25.37**	25.37	**25.37**	25.37
Joint ventures					
Held by Sino Holdings (S'pore) Pte Ltd					
Soon Zhou Investments Pte. Ltd.(2)	Investment holding/ Singapore	**50**	50	**50**	50
Eternal Synergy Pte. Ltd.(5)	Trading/Singapore	**50**	50	**50**	50
Synergy Truck Pte. Ltd.(5)	Trading/Singapore	**50**	50	**50**	50

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of the Group's significant associates and joint ventures are as follows: (Continued)

Name of significant associates and joint ventures	Principal activities/ Country of incorporation and operations	Effective equity interest		Proportion of ownership and voting power held	
		2022 %	2021 %	**2022 %**	2021 %
Held by Soon Zhou Investments Pte. Ltd.					
Blue Oasis Investments Pte. Ltd.(2)	Investment holding/ Singapore	**50**	50	**50**	50
Dalian Blue Oasis Properties Co., Ltd.(4)	Investment holding/ People's Republic of China	**50**	50	**50**	50
Held by Synergy Truck Pte. Ltd.					
Myanmar Synergy Company Limited(6)	Trading/Myanmar	**50**	50	**50**	50
Held by Eternal Synergy Pte. Ltd.					
Eternal Company Limited(6)	Trading/Myanmar	**50**	50	**50**	50

All of the above associates and joint ventures are accounted for using the equity method in these consolidated financial statements.

(1) Audited by FIRST Assurance Public Accounting Firm, Singapore.

(2) Audited by BDO LLP, Singapore.

(3) Audited by Ernst & Young LLP, Singapore.

(4) Audited by BDO China Shu Lan Pan CPAs LLP, China.

(5) Audited by Chan Leng Leng & Co, Singapore.

(6) No statutory audit requirement. Chan Leng Leng & Co performed review for consolidation purposes.

(b) Summarised financial information in respect of each of the Group's material associates is set out below.

Meadows Bright Development Pte Ltd and its subsidiaries

	2022 $'000	2021 $'000
Current assets	**22,788**	22,548
Current liabilities	**(13,410)**	(13,411)
Equity	**9,378**	9,137
Other income	**279**	282
Profit for the year, representing total comprehensive income for the year	**241**	253

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. (Continued)

Meadows Bright Development Pte Ltd and its subsidiaries (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Meadows Bright Development Pte Ltd recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net assets of the associate	**9,378**	9,137
Proportion of the Group's ownership in the associate	**50%**	50%
Carrying amount of the Group's interest in the associate	**4,689**	4,569

Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") and its subsidiary, Dalian Shicheng Property Development Co., Ltd. ("DSPDC")

	2022 $'000	2021 $'000
Current assets	**28,883**	32,911
Non-current assets	**14**	16
Current liabilities	**(125,022)**	(124,501)
Capital deficiency	**(96,125)**	(91,574)
Revenue	**166**	367
Loss for the year	**(6,292)**	(5,326)
Other comprehensive income/(loss) for the year	**1,741**	(98)
Total comprehensive loss for the year	**(4,551)**	(5,424)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Dalian Shicheng Property Development (S) Pte. Ltd. recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net liabilities of the associate	**(96,125)**	(91,574)
Proportion of the Group's ownership in the associate	**25.37%**	25.37%
	(24,387)	(23,232)
Pre-acquisition losses not recorded by the Group	**8,007**	8,007
	(16,380)	(15,225)
Carrying amount of the Group's interest in the associate comprising cost plus share of post-acquisition results of the associate	**–**	–
Cumulative share of losses not recognised	**(16,380)**	(15,225)

At December 31, 2022 and 2021, Management considers the amount of investment in DSPDS to be fully impaired as explained in Note 3.2.4 (a). The ability to recover the advances from the associate in the future is dependent on the ability of the associates' PRC wholly owned subsidiary to generate profits from its operations and remit the funds from the PRC into Singapore, which is subject to the PRC exchange control regulations.

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. (Continued)

Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") and its subsidiary, Dalian Shicheng Property Development Co., Ltd. ("DSPDC") (Continued)

Management has assessed that there are tax liabilities associated with the sales and purchase transactions (as described in Note 3.2.4 (a)). Based on probability-weighted approach, management has determined the tax obligation to be $3.2 million (2021: $3.3 million) for DSPDC and $0.4 million (2021: $0.3 million) for DBOP. These potential tax obligations have been recognised by the associate and joint venture at the end of the financial year. Due to the uncertainty associated with such tax items, it is possible that on conclusion of such tax matters at a future date, the final outcome may differ significantly.

FSKH Development Pte. Ltd.

	2022 $'000	2021 $'000
Current assets	**75,651**	222,048
Current liabilities	**(61,521)**	(108,164)
Non-current liabilities	**–**	(106,591)
Equity	**14,130**	7,293
Revenue	**128,966**	221,869
Profit for the year, representing total comprehensive income for the year	**6,837**	16,188

Reconciliation of the above summarised financial information to the carrying amount of the interest in FSKH Development Pte. Ltd. recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net assets of the associate	**14,130**	7,293
Proportion of the Group's ownership in the associate	**20%**	20%
	2,826	1,459
Carrying amount of the Group's interest in the associate comprising cost plus share of post-acquisition results of the associate	**2,826**	1,459

Aggregate information of other associates that are not individually material

	2022 $'000	2021 $'000
Aggregate carrying amount of the Group's interests in these associates	–	–
Aggregate cumulative share of losses not recognised	(198)	(188)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Summarised financial information in respect of each of the Group's material joint ventures are set out below.

Soon Zhou Investments Pte. Ltd. ("SZI") and its subsidiaries

	2022 $'000	2021 $'000
Current assets	**22,018**	23,589
Non-current assets	**20,670**	24,401
Current liabilities	**(50,609)**	(49,715)
Non-current liabilities	**(772)**	(772)
Capital deficiency	**(8,963)**	(2,497)
Revenue	**–**	1,113
(Loss)/Profit for the year	**(4,766)**	168
Other comprehensive (loss)/income for the year	**(1,430)**	724
Total comprehensive income for the year	**(6,196)**	892

Reconciliation of the above summarised financial information to the carrying amount of the interest in Soon Zhou Investments Pte. Ltd. recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net liabilities of the joint venture	**(8,693)**	(2,497)
Proportion of the Group's ownership in the joint venture	**50%**	50%
	(4,347)	(1,249)
Carrying amount of the Group's interest in the joint venture	**–**	–
Cumulative share of losses not recognised	**(4,347)**	(1,249)

Synergy Truck Pte. Ltd. and its subsidiary

	2022 $'000	2021 $'000
Current assets	**13,605**	23,530
Non-current assets	**3,737**	4,216
Current liabilities	**(12,265)**	(20,132)
Non-current liabilities	**(2,167)**	(3,417)
Equity	**2,910**	4,197
Revenue	**1,831**	9,278
Loss for the year	**(1,295)**	(5,090)
Other comprehensive income for the year	**9**	184
Total comprehensive loss for the year	**(1,286)**	(4,906)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Summarised financial information in respect of each of the Group's material joint ventures are set out below. (Continued)

Synergy Truck Pte. Ltd. and its subsidiary (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Synergy Truck Pte. Ltd. recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net assets of the joint venture	**2,910**	4,197
Proportion of the Group's ownership in the joint venture	**50%**	50%
	1,455	2,099
Premium paid on acquisition	**426**	426
Less: Allowance for impairment (Note 30)	**–**	(426)
Carrying amount of the Group's interest in the joint venture	**1,881**	2,099

Eternal Synergy Pte. Ltd. and its subsidiary

	2022 $'000	2021 $'000
Current assets	**10,611**	8,971
Non-current assets	**7**	26
Current liabilities	**(3,384)**	(3,229)
Non-current liabilities	**(420)**	(663)
Equity	**6,814**	5,105
Revenue	**8,805**	5,898
Profit/(loss) for the year	**2,226**	(285)
Other comprehensive loss for the year	**(504)**	(1,360)
Total comprehensive income/(loss) for the year	**1,722**	(1,645)
Dividends received from the joint venture during the year	**5**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Eternal Synergy Pte. Ltd. recognised in the consolidated financial statements:

	2022 $'000	2021 $'000
Net assets of the joint venture	**6,814**	5,105
Proportion of the Group's ownership in the joint venture	**50%**	50%
	3,407	2,553
Premium paid on acquisition	**2,073**	2,073
Carrying amount of the Group's interest in the joint venture	**5,480**	4,626

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

17 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Summarised financial information in respect of each of the Group's material joint ventures are set out below. (continued)

Aggregate information of joint ventures that are not individually material

	2022 $'000	2021 $'000
The Group's share of (loss)/profit for the year	**(210)**	85
The Group's share of other comprehensive loss	**(32)**	(263)
The Group's share of total comprehensive loss	**(242)**	(178)
Dividends received from the joint venture during the year	**–**	224
Aggregate carrying amount of the Group's interests in these joint ventures	**118**	353
Cumulative share of losses not recognised	**(3,731)**	(3,147)

(d) The Group's 49% interest in an unincorporated joint venture is recorded at cost contributed towards acquisition of a land. The joint venture has no operating results.

18 OTHER NON-CURRENT ASSETS

	Group	
	2022 $'000	2021 $'000
Club memberships, at cost	**416**	416
Less: Disposal during the year	**(129)**	–
Less: Allowance for impairment loss	**(32)**	(25)
	255	391

19 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and the movements thereon, during the current and prior reporting period:

	Accelerated tax depreciation $'000
At January 1, 2021	236
Credited to profit or loss (Note 32)	(186)
At December 31, 2021	50
Charged to profit or loss (Note 32)	6
At December 31, 2022	**56**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

20 BORROWINGS

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Unsecured				
Bank loans	**8,177**	11,326	**–**	80
Invoice financing	**1,397**	1,437	**–**	–
Secured				
Bank loans	**204,310**	315,603	**7,500**	10,000
Invoice financing	**13,992**	23,034	**–**	–
	227,876	351,400	**7,500**	10,080
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(55,501)**	(194,823)	**(5,000)**	(5,080)
Amount due for settlement after 12 months	**172,375**	156,577	**2,500**	5,000

Borrowings amounting to $8.2 million and $219.7 million bear fixed interest and variable interest rate respectively (Note 4(b)(iv)).

Management estimates that the carrying amounts of the bank loans approximate their fair values as the bank loan primarily bear variable market interest rates.

The Group has the following secured bank loans:

(a) Loans of $108.6 million (2021: $129.5 million) are secured by mortgages over the Group's investment properties (Note 14) and certain fixed deposits. The investment property classified as held for sale (Note 12) at the end of the reporting period was pledged against loans as at December 31, 2021.

(b) Loans of $61.8 million (2021: $151.5 million) are secured by mortgages over the Group's development properties (Note 11) and certain fixed deposits.

(c) Loans of $20.9 million (2021: $23.5 million) are secured by mortgages over the Group's property, plant and equipment (Note 13).

(d) Loans of $Nil (2021: $3.9 million) are secured by the Group's corporate guarantees and all proceeds in the operating bank accounts. The financial covenants were not complied and one-off waiver had been obtained from the bank for the financial years ended December 31, 2022 and 2021.

(e) Loans of $4.0 million (2021: $7.3 million) are secured by mortgages over a Group's property, plant and equipment, legal assignment of rental proceeds from the rental income of the property, legal assignment of contracts and contracts proceeds over projects, and debentures incorporating a first floating charge over the receivables of the borrower in respect of their project.

(f) Loan of $9.0 million is secured by the Group's corporate guarantees, shares in the associate and loan to the associate.

Notwithstanding the above, the Company's bank loans are secured by legal assignment of sales proceeds from the development property of a subsidiary and corporate guarantees from two of its subsidiaries. Corporate guarantees are provided for all other borrowings by the Company. Certain loans are also secured by guarantees from certain non-controlling shareholders of partially-owned subsidiaries. The fair value of these corporate guarantees is assessed by the management to be insignificant as the primary securities are the mortgaged properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

20 BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2022 $'000	Financing cash flows(i) $'000	New lease liabilities $'000	Other changes(ii) $'000	December 31, 2022 $'000
Bank loans (Note 20)	**326,929**	**(118,593)**	**–**	**4,151**	**212,487**
Invoice financing (Note 20)	**24,471**	**(9,082)**	**–**	**–**	**15,389**
Lease liabilities (Note 22)	**2,487**	**(957)**	**245**	**(163)**	**1,612**
Term notes (Note 23)	**26,724**	**205**	**–**	**–**	**26,929**
Loan from a company in which certain directors have interest in (Note 21)	**9,950**	**3,000**	**–**	**–**	**12,950**
Advance from associates (Note 21)	**11,674**	**–**	**–**	**271**	**11,945**
	402,235	**(125,427)**	**245**	**4,259**	**281,312**

	January 1, 2021 $'000	Financing cash flows(i) $'000	New lease liabilities $'000	Other changes(ii) $'000	December 31, 2021 $'000
Bank loans (Note 20)	356,492	(25,477)	–	(4,086)	326,929
Invoice financing (Note 20)	24,409	62	–	–	24,471
Lease liabilities (Note 22)	2,935	(1,130)	681	1	2,487
Term notes (Note 23)	26,724	–	–	–	26,724
Loan from a company in which certain directors have interest in (Note 21)	–	9,950	–	–	9,950
Advance from associates (Note 21)	11,418	–	–	256	11,674
	421,978	(16,595)	681	(3,829)	402,235

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals and payments, advance from associate offsetted with other receivables and reclassification of bank loans directly associated with assets held for sale (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade payables:				
Third parties	**58,522**	55,580	**–**	–
Companies in which certain directors have control (Note 5)	**193**	105	**–**	–
Joint ventures	**52**	–	**–**	–
Other payables:				
Third parties	**11,663**	4,839	**15**	28
Subsidiaries (Note 5)	**–**	–	**34,115**	26,039
Associates (Note 5)	**11,945**	11,674	**11,922**	11,654
Joint ventures (Note 5)	**1,145**	5,209	**–**	–
Companies in which certain directors have control (Note 5)	**1,415**	1,308	**–**	–
Non-controlling shareholders of subsidiaries	**67,347**	66,635	**–**	–
Loan from a company in which certain directors have interest in	**12,950**	9,950	**12,950**	9,950
Accrued operating expenses	**5,857**	5,322	**1,468**	1,103
Accrued contract cost	**819**	1,095	**–**	–
Retention payables	**25,783**	22,086	**–**	–
Deposits received	**7,869**	6,151	**–**	–
Deferred grant	**–**	100	**–**	–
Total trade and other payables	**205,560**	190,054	**60,470**	48,774
Current	**112,635**	108,140	**21,819**	13,264
Non-current	**92,925**	81,914	**38,651**	35,510
	205,560	190,054	**60,470**	48,774

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on trade payables which are overdue.

The balances owing to related parties are unsecured and repayable on demand. Included in other payables due to non-controlling shareholders of subsidiaries and joint ventures are $39.7 million (2021: $40.2 million) and $Nil (2021: $0.3 million) which bear average interest at 3.2% (2021: 3.2%) and Nil % (2021: 3.5%) per annum respectively. The Company's other payables to subsidiaries and associates bear interest of 2.5% per annum (2021: 2.5%). Loan from a company in which certain directors have interest in bear interest at 3% per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

The carrying amounts of the non-current trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

22 LEASE LIABILITIES

	2022 $'000	2021 $'000
Maturity analysis:		
Within 1 year	**607**	1,206
Within 2 to 5 years	**1,108**	1,461
Year 6 onwards	**36**	5
	1,751	2,672
Less: Unearned interest	**(139)**	(185)
	1,612	2,487
Current	**545**	1,133
Non-current	**1,067**	1,354
	1,612	2,487

The average effective interest rate approximates 3.99% (2021: 4.3%) per annum. Interest rates are fixed at the contract rates.

The Group's obligations amounting to $0.9 million (2021: $1.0 million) were secured by the lessor's title to the leased assets.

23 TERM NOTES

	Group and Company	
	2022 $'000	2021 $'000
Unsecured		
Multi-currency term notes, net of issuance cost	**26,929**	26,724

The term notes which are listed on SGX-ST bear interest at the fixed rate of 6.0% per annum. As disclosed in Note 4(c), the maturity date of the term notes has been extended to July 26, 2026. Interest is payable on a half-yearly basis.

The carrying amount of the term notes approximates its fair value. The fair value of the term notes is determined based on the over-the-counter quoted price.

24 CONTRACT LIABILITIES

	Group	
	2022 $'000	2021 $'000
Construction contracts	**14,713**	21,759
Amounts received in advance for development properties	**83,686**	95,169
	98,399	116,928

Contract liabilities on construction contracts represent the progress billings exceeding costs incurred plus recognised profits. The amount is recognised as revenue when the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

24 CONTRACT LIABILITIES (CONTINUED)

Significant changes in the contract liabilities balances during the period are as follows.

	Group	
	2022	2021
	$'000	$'000
Revenue recognised that was included in contract liabilities at the beginning of the year	**(21,759)**	(33,870)
Progress billing of construction contracts	**14,713**	21,759
(Decrease)/Increase due to cash received, excluding amounts recognised as revenue during the year	**(11,483)**	29,323
Increases due to significant financing component (Note 31)	**–**	4,964
	(18,529)	22,176

25 PROVISIONS

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of the year	**5,879**	6,852
Addition provisions	**–**	3,339
Utilisation	**(5,482)**	(4,312)
Balance at end of the year	**397**	5,879

At the end of the reporting period, the Group recognised $0.4 million (2021: $5.9 million) provisions for unavoidable costs of fulfilling certain construction contract obligations with customers, that were in excess of the economic benefits expected to be received under the contracts.

26 SHARE CAPITAL

	Group and Company			
	2022	2021	**2022**	2021
	Number of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning and end of the year	**518,068,220**	518,068,220	**154,189**	154,189

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

27 RESERVES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Capital reserve	**644**	644	**–**	–
Warrants reserve	**–**	31	**–**	31
	644	675	**–**	31

The capital reserve arose from the gift of shares in the Company previously owned by the executive directors to certain employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

27 RESERVES (CONTINUED)

The warrants reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs. In 2017, the Company had issued and allotted 120,567,589 warrants, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.28 for each new share. The warrants expired on May 20, 2022.

28 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product and service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 35).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2022	2021
	$'000	$'000
Revenue from:		
Construction		
– Construction contracts	**189,462**	164,217
– Sale of goods	**8,665**	11,422
– Worker training and other services	**10,915**	6,137
	209,042	181,776
Real estate investment		
– Rental of properties	**26,891**	23,226
Real estate development		
– Rendering of service	**300**	41
– Sale of development properties	**119,713**	1,374
Distribution		
– Sale of goods	**9,742**	11,754
	365,688	218,171
Timing of revenue recognition*		
At a point in time	**149,334**	30,728
Over time	**199,972**	173,176

* These disclosures under SFRS(I) 15 are not applicable to revenue from lease contracts amounting to $16.3 million (2021: $14.3 million).

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2022	2021
	$'000	$'000
Construction contracts	**104,687**	238,805

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.

28 REVENUE (CONTINUED)

Transaction price allocated to the remaining performance obligations (Continued)

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2022 will be recognised as revenue over the next 2 years (2021: 2 years).

29 OTHER INCOME

	Group	
	2022	2021
	$'000	$'000
Rental income	**3,452**	2,579
Management fee income from companies in which certain directors have control (Note 5)	**311**	384
Project management and administrative fee	**58**	58
Calling of performance bond	**275**	–
Interest income	**225**	97
Interest income from associates and joint ventures (Note 5)	**1,028**	1,055
Grant from government	**265**	409
Gain in fair value of investment properties, net (Note 14)	**15,360**	–
Gain on disposal of property, plant and equipment	**325**	–
Reversal of regulatory payment	**–**	1,588
Reversal of impairment on joint ventures (Note 17)	**426**	–
Forfeiture of rental deposits	**–**	225
Forfeiture of deposit	**–**	500
Income from rectification charges	**–**	325
Other sundry income	**1,226**	1,384
	22,951	8,604

30 OTHER OPERATING EXPENSES

	Group	
	2022	2021
	$'000	$'000
Depreciation expenses (Note 33)	**4,456**	5,041
Property tax and repair and maintenance	**1,517**	1,263
Rental expenses	**692**	936
Net loss in fair value of investment properties (Note 14)	**–**	7,325
Impairment of goodwill	**–**	836
Impairment of joint ventures (Note 17)	**–**	426
Write-down of development properties, net (Note 11)	**–**	8,313
Impairment loss on other non-current assets	**7**	1
Impairment loss on property, plant and equipment	**–**	1,000
Loss on disposal of investment property	**–**	2,768
Loss on disposal of property, plant and equipment	**–**	3
Legal and professional fees	**1,855**	633
Net foreign exchange losses	**2,288**	1,171
Fines and penalties	**1**	2
Property, plant and equipment written off	**–**	1
Trainers' fee	**463**	199
Others	**367**	213
	11,646	30,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

31 FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest on borrowings	**11,787**	11,067
Interest from a non-controlling interest	**1,859**	1,672
Interest on lease liabilities	**57**	110
Deemed interest arising from significant financing component (Note 24)	**–**	4,964
Total borrowing costs	**13,703**	17,813
Less: Amounts included as cost of development properties (Note 11)	**(2,412)**	(6,694)
	11,291	11,119

32 INCOME TAX EXPENSE

	Group	
	2022	2021
	$'000	$'000
Current income tax:		
– for the year	**4,488**	2,471
– under/(over) provision in prior years	**731**	(18)
Deferred income tax (Note 19)	**6**	(186)
	5,225	2,267

Income tax in Singapore is calculated at 17% (2021: 17%) of the estimated assessable profit/(loss) for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. The total charge for the financial year can be reconciled to the accounting profit/(loss) as follows:

	Group	
	2022	2021
	$'000	$'000
Profit/(loss) before income tax	**32,111**	(34,169)
Tax credit at Singapore statutory rate of 17% (2021: 17%)	**5,459**	(5,809)
Tax effect of (income)/expenses that are not (taxable)/deductible in determining taxable profit	**(3,291)**	4,050
Effect of differences in tax rate in other jurisdictions	**41**	4
Deferred tax benefits not recognised	**2,412**	4,238
Under/(Over) provision in prior years	**731**	(18)
Tax exempt income	**(63)**	(52)
Utilisation of deferred tax benefits previously not recognised	**(54)**	(153)
Others	**(10)**	7
	5,225	2,267

32 INCOME TAX EXPENSE (CONTINUED)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has the following unutilised tax losses available for offset against future profits.

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of the year	**81,736**	54,152
Adjustment in respect of prior year	**(4,151)**	3,551
Addition during the year	**14,190**	24,932
Utilisation during the year	**(316)**	(899)
Balance at end of the year	**91,459**	81,736
Deferred tax benefit on above unrecorded	**15,548**	13,895

No deferred tax asset has been recognised on unutilised tax losses due to the unpredictability of future profit against which the tax losses can be utilised. The tax losses have no expiry date.

33 PROFIT/(LOSS) FOR THE YEAR

This has been arrived at after charging/(crediting):

	Group	
	2022	2021
	$'000	$'000
Depreciation expenses (Note 13)	**5,638**	7,151
Depreciation allocated to construction projects in progress	**(1,182)**	(2,110)
Depreciation charged as other operating expense (Note 30)	**4,456**	5,041
Cost of development properties recognised as cost of sales	**102,281**	1,192
Directors' remuneration:		
– of the Company	**1,630**	1,488
– of the subsidiaries	**217**	181
Employee benefits (excluding directors' remuneration)	**34,257**	30,325
Audit fees paid/payable to:		
– auditors of the Company	**248**	303
– other auditors	**135**	45
Non-audit fees paid/payable to auditors of the Company	**–**	13

Government grant

Grant income is deducted against the related expenses to the effect as disclosed below:

	Group	
	2022	2021
	$'000	$'000
Employee benefits[1]	**426**	1,859
Cost of sales[2]	**579**	1,744

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

33 PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

Government grant (Continued)

(1) Includes wage support received under the Jobs Support Scheme ("JSS") and foreign worker levy waiver and rebate under the Foreign Worker Levy Waiver amounting to $0.4 million (2021: $1.9 million).

The Group received wage support for local employees under JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis from April 2020 to December 2021 in which the related salary cost is recognised as expenses.

(2) Cost of sales is reduced by grant income amounting to $0.6 million (2021: $1.7 million) which represents support given by the Singapore Government under the Construction Support Package, wage support, foreign worker levy waiver and rebate and property tax expenses (refer to (1)).

34 PROFIT/(LOSS) PER SHARE

Profit per share of 2.34 cents per share for 2022 has been calculated based on the profit attributable to the owners of the Company of $12,136,000 and the weighted average number of 518,068,220 shares.

Loss per share of 7.1 cents per share for 2021 has been calculated based on the loss attributable to the owners of the Company of $36,536,000 and the weighted average number of 518,068,220 shares.

There is no dilution of profit/(loss) per share.

35 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's operating decision makers have determined the business segments as follows:

Construction

General builders and construction contractors, training of workers, general engineering, sale of construction materials and design, installation and maintenance of air conditioning and mechanical ventilation systems.

Real estate investment

Investment in real estate.

Real estate development

Development of residential and commercial projects and project management services.

Distribution

Sale and distribution of petroleum based lubricant products, automotive tyres and commercial vehicles.

Others

This comprises management and administration services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

All assets are allocated to reportable segments except for club memberships (Note 18). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments. Liabilities incurred jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

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35 SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Real estate investment $'000	Real estate development $'000	Distribution $'000	Others $'000	Elimination $'000	Total $'000
2022							
REVENUE							
External revenue	209,042	26,891	120,013	9,742	–	–	365,688
Inter-segment revenue	25,487	1,282	276	5,906	–	(32,951)	–
	234,529	28,173	120,289	15,648	–	(32,951)	365,688
RESULT							
Segment result	(5,356)	34,344	13,148	746	(733)	–	42,149
Interest income	29	1,186	3	35	–	–	1,253
Finance costs	(1,051)	(5,715)	(1,851)	(70)	(2,604)	–	(11,291)
(Loss)/profit before income tax	(6,378)	29,815	11,300	711	(3,337)	–	32,111
Income tax expense	(685)	(3,491)	(915)	(134)	–	–	(5,225)
(Loss)/profit for the year	(7,063)	26,324	10,385	577	(3,337)	–	26,886
STATEMENT OF FINANCIAL POSITION							
Segment assets	99,110	250,763	235,407	15,367	48,654	–	649,301
Unallocated corporate assets	255	–	–	–	–	–	255
Total assets	99,365	250,763	235,407	15,367	48,654	–	649,556
Segment liabilities	138,368	170,773	189,454	4,997	60,784	–	564,376
OTHER INFORMATION							
Additions to non-current assets	1,997	441	15	54	–	–	2,507
Associates and joint ventures	–	2,216	7,516	7,479	–	–	17,211
Depreciation expenses	4,793	258	241	346	–	–	5,638
Gain in fair value of investment properties	–	15,360	–	–	–	–	15,360
Loss allowance/(reversal of loss allowance) recognised on financial assets	60	582	–	(35)	–	–	607
Impairment loss on other non-current assets	7	–	–	–	–	–	7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

35 SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Real estate investment $'000	Real estate development $'000	Distribution $'000	Others $'000	Elimination $'000	Total $'000
2021							
REVENUE							
External revenue	181,776	23,226	1,415	11,754	–	–	218,171
Inter-segment revenue	31,714	1,088	276	2,668	–	(35,746)	–
	213,490	24,314	1,691	14,422	–	(35,746)	218,171
RESULT							
Segment result	(20,730)	6,026	(4,983)	(3,259)	(1,256)	–	(24,202)
Interest income	12	1,080	5	55	–	–	1,152
Finance costs	(978)	(4,408)	(3,338)	(120)	(2,275)	–	(11,119)
(Loss)/profit before income tax	(21,696)	2,698	(8,316)	(3,324)	(3,531)	–	(34,169)
Income tax (expense)/credit	–	(2,261)	1	(7)	–	–	(2,267)
(Loss)/profit for the year	(21,696)	437	(8,315)	(3,331)	(3,531)	–	(36,436)
STATEMENT OF FINANCIAL POSITION							
Segment assets	109,785	301,489	339,067	9,459	139	–	759,939
Unallocated corporate assets	391	–	–	–	–	–	391
Total assets	110,176	301,489	339,067	9,459	139	–	760,330
Segment liabilities	164,701	189,714	282,005	4,368	59,539	–	700,327
OTHER INFORMATION							
Additions to non-current assets	2,009	79	35	74	–	–	2,197
Associates and joint ventures	–	2,216	6,028	7,078	–	–	15,322
Depreciation expenses	5,900	260	390	601	–	–	7,151
Loss in fair value of investment properties	–	7,325	–	–	–	–	7,325
Impairment loss recognised on financial assets	126	715	30	266	–	–	1,137
Impairment loss on property, plant and equipment	1,000	–	–	–	–	–	1,000
Write-down of development properties, net	–	–	8,313	–	–	–	8,313
Reversal of impairment loss on other non-current assets	1	–	–	–	–	–	1
Impairment of goodwill	–	–	–	836	–	–	836

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35 SEGMENT INFORMATION (CONTINUED)

Geographical segments

	Singapore $'000	Myanmar $'000	Cambodia $'000	Other countries[i] $'000	Total $'000
2022					
Revenue	**319,859**	**8,334**	**34,915**	**2,580**	**365,688**
Non-current assets	**295,344**	**1,438**	**19**	**10,937**	**307,738**
2021					
Revenue	210,351	5,777	1,917	126	218,171
Non-current assets	281,189	2,129	159	11,698	295,175

(i) Includes Malaysia, Thailand and India.

36 GUARANTEES

(a) The Company together with a joint guarantor provided joint and several corporate guarantees to a bank in respect of bank loan of an associate (2021: associate). The total bank loan outstanding at December 31, 2022 was $10.0 million (2021: $10.0 million). Management has assessed the fair value to be insignificant. Further information is provided in Note 3.2.5.

(b) The Company provided joint and several corporate guarantees to banks in respect of bank facilities provided to its other joint venture entities. The total bank borrowings outstanding at December 31, 2022 was $6.1 million (2021: $20.0 million). Management has assessed the fair value to be insignificant.

(c) The Company provided corporate guarantees to banks in respect of bank facilities provided to its subsidiaries. The total bank borrowings outstanding at December 31, 2022 was $220.0 million (2021: $345.5 million). The fair values of the corporate guarantees were assessed by management to be insignificant at the inception of the guarantees as the primary securities were mortgaged properties.

(d) Corporate guarantees have been given by the Group to financial institutions in respect of bankers' guarantees amounting to $4.5 million (2021: $7.4 million), performance bonds/guarantees amounting to $31.3 million (2021: $32.9 million) and standby letter of credit amounting to $6.2 million (2021: $6.1 million).

37 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At December 31, 2022, the Group is committed to $73,000 (2021: $140,000) for short-term leases.

The Group as lessor

Operating leases, in which the Group is the lessor, arise from the Group's investment properties with lease terms of between 1 to 5 years. Certain operating lease contracts contain one year extension option and market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

37 OPERATING LEASE ARRANGEMENTS (CONTINUED)

Maturity analysis of operating lease payments:

	Group	
	2022	2021
	$'000	$'000
Year 1	**13,898**	11,415
Year 2	**2,148**	1,894
Year 3	**356**	945
Year 4	**95**	426
Year 5	**95**	71
Total	**16,592**	14,751

38 EVENTS AFTER REPORTING PERIOD

(i) On January 19, 2023, the wholly owned subsidiary of the Company, Sino Holding (S'pore) Pte Ltd has subscribed 1.25 million right issue shares of Dalian Shicheng Property Development (S) Pte Ltd at S$0.10 each for $0.125 million, increasing the Group shareholding from 25.4% to 42.97%.

(ii) On February 20, 2023, the indirect wholly owned subsidiary of the Company, Learncollab Pte Ltd has incorporated TA Care Solutions Pte. Ltd. with a registered capital of 50,000 ordinary shares of $1.00 per share. Learncollab Pte. Ltd. has subscribed for 25,500 shares, representing 51% equity stake in TA Care Solutions Pte. Ltd.

(iii) TA Care Solutions Pte. Ltd. has incorporated a wholly-owned subsidiary company in Myanmar, TA Care Academy Company Limited with a registered capital of 300 ordinary shares of MMK100,000 per share at MMK30,000,000 (approximately $19,155).

39 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the Group and the Company have not applied the following SFRS(I) pronouncements that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2023

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

Effective for annual periods beginning on or after 1 January 2024

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

39 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Effective date is to be determined

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Management does not expect any material impact arising from applying these new or revised accounting standards and interpretations in the period of their initial adoption.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended December 31, 2022 were authorised for issued in accordance with a resolution of Board of Directors of TA Corporation Ltd on April 11, 2023.

SHAREHOLDERS' INFORMATION

AS AT MARCH 16, 2023

SHARE CAPITAL

Issued and fully paid capital	:	S$154,188,832
Total number of shares in issue	:	518,068,220
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	8	1.23	235	0.00
100 – 1,000	102	15.72	66,291	0.01
1,001 – 10,000	228	35.13	1,017,936	0.20
10,001 – 1,000,000	293	45.15	23,993,641	4.63
1,000,001 and above	18	2.77	492,990,117	95.16
	649	100.00	518,068,220	100.00

SUBSTANTIAL SHAREHOLDERS

	Number of shares fully paid			
Name	Direct Interest	%	Deemed Interest	%
Liong Kiam Teck	174,187,102	33.62	–	–
Neo Tiam Boon	87,857,147	16.96	–	–
Neo Tiam Poon @ Neo Thiam Poon	83,599,752	16.14	–	–
Neo Thiam An	41,412,840	7.99	–	–
Koh Wee Seng[1]	47,910,000	9.25	–	–

Note:

(1) The number of shares is based on the last notification from Mr. Koh Wee Seng to the Company.

SHAREHOLDERS' INFORMATION

AS AT MARCH 16, 2023

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Liong Kiam Teck	174,166,149	33.62
2.	Neo Tiam Boon	87,857,147	16.96
3.	Neo Tiam Poon @ Neo Thiam Poon	83,599,752	16.14
4.	Neo Thiam An	41,412,840	7.99
5.	Sing Investments & Finance Nominees (Pte) Ltd	23,686,000	4.57
6.	Koh Wee Seng	23,682,690	4.57
7.	Phillip Securities Pte Ltd	16,052,634	3.10
8.	United Overseas Bank Nominees Pte Ltd	10,116,680	1.95
9.	UOB Kay Hian Pte Ltd	7,679,000	1.48
10.	Maybank Securities Pte. Ltd.	6,935,899	1.34
11.	Lim & Tan Securities Pte Ltd	3,941,643	0.76
12.	Tan Lee Hua	3,268,100	0.63
13.	HSBC (Singapore) Nominees Pte Ltd	3,130,435	0.60
14.	Lim Seng Kuan	2,581,500	0.50
15.	DBS Nominees Pte Ltd	1,322,190	0.26
16.	Yeo Lai Huat	1,256,000	0.24
17.	Yap Bau Tan	1,248,600	0.24
18.	Lee Chee Hong	1,052,858	0.20
19.	Ko Lee Meng	965,000	0.19
20.	King Wan Construction Pte Ltd	930,000	0.18
		494,885,117	95.52

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 16, 2023, approximately 15.83% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY SHARES – RULE 1207(9)(F)

The Company does not hold any Treasury Shares.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of TA Corporation Ltd (the "Company") will be held at No. 1 Jalan Berseh #03-03 New World Centre Singapore 209037 on Thursday, April 27, 2023 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2022 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of $158,313 for the financial year ended December 31, 2022 (2021: $158,313). **(Resolution 2)**

3. To re-elect Mr. Liong Kiam Teck, a Director retiring under Regulation 89 of the Constitution of the Company. **(Resolution 3)** **(See Explanatory Note 1)**

4. To re-elect Mr. Mervyn Goh Bin Guan, a Director retiring under Regulation 89 of the Constitution of the Company. **(Resolution 4)** **(See Explanatory Note 1)**

Mr. Mervyn Goh Bin Guan will, upon being re-elected as a Director of the Company, remain as member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr. Goh will also remain as Chairman of the Nominating Committee and member of the Remuneration Committee.

5. To re-appoint CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions with or without modifications:–

6. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act 1967 (the "Companies Act"), and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF THE ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;

(a) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(b) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

whereby adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 6)**
(See Explanatory Note 2)

7. Renewal of the Share Buy-Back Mandate

"(a) That for the purposes of the Companies Act and the Listing Manual, the Directors of the Company be hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company ("**Shares**") each fully paid up 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 hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through the 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, for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchase**") in accordance with any equal access scheme as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Listing Manual.

(the "**Share Buy Back Mandate**")

(b) Unless varied or revoked by the members of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of this Resolution and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law or the Constitution to be held;

(ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or

(iii) the date on which the Share Buy-Back is carried out to the full extent mandated.

NOTICE OF THE ANNUAL GENERAL MEETING

(c) In this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10 per cent (10%) of the issued ordinary shares of the Company as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings held by the Company as at the date of the passing of this Resolution) unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period 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 treasury shares and subsidiary holdings);

"**Relevant Period**" means the period commencing from the date of the AGM when the resolution relating to the Share Buy-Back Mandate is passed expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any Share Buy-Back determined by the Directors, but in any event, not exceeding the maximum price, which:

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase on an equal access scheme, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which a Market Purchase was made, or as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase on an equal access scheme; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(Resolution 7)
(See Explanatory Note 3)

ANY OTHER BUSINESS

8. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Foo Soon Soo
Tam Siew Kheong
Company Secretaries

Singapore, April 12, 2023

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

1. Detailed information on Mr Liong Kiam Teck and Mr. Mervyn Goh Bin Guan as set out in Appendix 7.4.1 of the listing manual are found in the Statement of Corporate Governance of the Company's Annual Report 2022.

2. Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding (treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

3. Resolution 7, if passed, will renew the Share Buy-Back Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used and the illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate based on the audited accounts of the Company and the Group for the financial year ended December 31, 2022 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

NOTES ABOUT THE CONDUCT OF THE AGM:

1. The AGM will be held in a wholly physical format at No. 1 Jalan Berseh #03-03 New World Centre Singapore 209037 on April 27, 2023 at 3:00 p.m. **There will be no option for shareholders to participate virtually.**

2. Submission of questions in advance of the AGM:

(a) Shareholders (including investors holding shares through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") may submit substantial and relevant questions related to the resolutions to be tabled for approval for the AGM by email to tacorpagmfy2023@tiongaik.com.sg by 3:00 p.m. on April 19, 2023.

(b) The Company will endeavour to address all substantial and relevant questions during AGM if received by the prescribed deadline in (a) by 3:00 p.m. on April 19, 2023 and post the answers on SGXNET and the Company's website by April 21, 2023. For substantial and relevant questions received after the prescribed deadline, the Company will endeavour to address them together with questions raised at the AGM. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

3. Submission of Proxy Form to vote

(a) Shareholders who wish to vote at the AGM may submit your proxy form to appoint the proxy/proxies/Chairman of the AGM to cast votes on your behalf.

(b) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(c) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act 1967) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.

(d) A proxy need not be a member of the Company.

(e) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(f) CPF or SRS investors may attend and cast their votes at the AGM in person. CPF and SRS Investors who are unable to attend the Meeting may submit their votes at least seven (7) working days before the AGM (i.e.by 3:00 p.m. on April 17, 2023) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date, in which case, they will be precluded from attending the AGM and voting.

(g) The proxy form (a copy of which is attached hereto), duly completed and signed, must be submitted by:

(i) Mail to the Company's registered office at No. 1 Jalan Berseh #03-03, New World Centre, Singapore 209037; or

(ii) Electronic mail to tacorpagmfy2023@tiongaik.com.sg (a clear scanned signed form in PDF)

To be received by the Company no later than 3:00 p.m. on April 24, 2023 being 72 hours before the time fixed for the AGM.

NOTICE OF THE ANNUAL GENERAL MEETING

4. Documents

All documents (including the Annual Report, the Proxy Form, and this Notice of AGM and the Appendix to this Notice of AGM or information relating to the business of the Annual General Meeting have been, or will be, published on SGXNet and the Company's website. Printed copies of the documents will not be despatched to shareholders. Shareholders and investors are advised to check SGXNet and/or the Company's website regularly for updates.

5. Minutes of AGM

The minutes of the AGM together with the responses to the substantial and relevant question(s) by the shareholders not already answered and announced, will be posted on the SGXNet and the Company's website within one month after the date of the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting 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 proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (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) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

TA CORPORATION LTD

Co. Registration No. 201105512R
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. This Proxy Form is not valid for use by investors who hold shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to specify voting instructions.

Personal Data Privacy

By submitting an instrument appointing a proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated April 12, 2023.

I/We ______________________________ of ______________________________
being a member/members of TA CORPORATION LTD (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or (delete as appropriate)			

*and/or the Chairman of the Annual General Meeting (the "AGM") as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at No. 1 Jalan Berseh #03-03 New World Centre Singapore 209037 on April 27, 2023 at 3:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated with a tick (√) or an (X) in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Please indicate your vote "For" or "Against" or "Abstain" with a tick (√) or cross (X) within the box provided.

No	Ordinary Resolutions	No. of votes or indicate with a tick (√) or cross (X)*		
		For	Against	Abstain
	Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2022 and the Auditors' Report thereon.			
2.	To approve Directors' fees of $158,313 for the financial year ended December 31, 2022.			
3.	To re-elect Mr. Liong Kiam Teck as Director.			
4.	To re-elect Mr. Mervyn Goh Bin Guan as Director.			
5.	To re-appoint CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act 1967.			
7.	To renew the Share Buy-Back Mandate.			

* All resolutions would be put to vote by poll in accordance with the listing rules of Singapore Exchange Securities Trading Limited. If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (√) or cross (X) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of __________________ 2023

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

1. This Proxy Form is not valid for use by investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to specify voting instructions.

2. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited) he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

3. This Proxy Form together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must either be (a) deposited at the registered office of the Company at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037; or (b) submitted by email to tacorpagmfy2023@tiongaik.com.sg (e.g. a clear scanned signed form in PDF) and received by the Company not later than 72 hours before the time set for the AGM.

4. This Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. The Company shall be entitled to reject this Proxy Form 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

6. Personal data privacy: By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

TA CORPORATION LTD

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