FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::AUDITOR'S COMMENTS OF ACCOUNTS

Issuer & Securities

Issuer/ Manager

TA CORPORATION LTD.

Securities

TA CORPORATION LTD W220520 - SG5ED4000009 - CGOW
TACORP S$27M6%N230726 - SGXF74214317 - MCLB
TA CORPORATION LTD - SG2D87975520 - PA3

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No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date &Time of Broadcast

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Announcement Sub Title

Auditor's Comments of Accounts

Announcement Reference

SG220420OTHR6037

Submitted By (Co./ Ind. Name)

Yap Ming Choo

Designation

Chief Financial Officer / Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached.

Additional Details

For Financial Period Ended

31/12/2021

Attachments

TA Material Uncertainty Related to Going Concern on the Financial Statements for the Financial Year Ended December 31 2021.pdf

Total size =905K MB

TA CORPORATION LTD
(Incorporated in the Republic of Singapore)
Co. Registration No. 201105512R

ANNOUNCEMENT

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**") of TA Corporation Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that its independent auditor, Deloitte & Touche LLP, has included a Material Uncertainty Related to Going Concern section in their report dated April 18, 2022 (the "**Independent Auditor's Report**") on the audited financial statements of the Group for the financial year ended December 31, 2021 (the "**FY2021 Financial Statements**"). The Independent Auditor's Report and the FY2021 Financial Statements will form part of the Company's Audited Report for FY2021 (the "**FY2021 Annual Report**"). The opinion of the Auditor is not modified in respect of this matter.

A copy of the Independent Auditor's Report, together with an extract of the relevant note to the FY2021 Financial Statements, are attached to this announcement as Appendix 1 and Appendix 2, for reference. Notwithstanding the above comments from the Auditor, the Board in assessing the appropriateness of the going concern assumptions of the Group and the Company, is of the view that the use of going concern assumptions to prepare the FY2021 Financial Statements are appropriate based on the following factors:

(a) With regard to ongoing construction projects, the Group will be able to manage business disruptions and operational changes resulting from the COVID-19 pandemic and labour shortage due to border restrictions previously imposed. With support from the Singapore Government, management is of the view that the impact from foreign workers shortage is gradually abating. Based on the management's review of the progress of the ongoing construction projects at the date of authorisation of these financial statements, there has not been any significant delays and escalation of costs which have not been factored in the year-end project budgets and the cash flow forecast from January 1, 2022 to June 30, 2023;

(b) The Group will be able to realise certain development and investment properties at specified minimum values. The specified minimum values are primarily based on year end valuations by independent valuers or past transacted prices adjusted for market information available as of the date of authorisation of these financial statements. Subsequent to the year end, a buyer has exercised an option to purchase certain development property. Proceeds of approximately S$14.5 million after repayment of the bank loan collateralised by the development property and after deducting estimated selling costs will be used for general working capital purposes of the Group;

(c) The Group will be able to refinance or extend repayment date of a bank loan amounting to S$53.4 million taken to finance a Group's substantially completed development property in Cambodia which is contractually due by September 2022, beyond June 30, 2023;

(d) Banks will not demand repayment for loans consisting of construction and non-construction related loans which are revolving or repayable on demand and the banks will continue to support the Group with banking facilities currently utilised by the Group. The banking facilities currently being utilised have been rolled over most recently in March 2022. Non-construction related loans are secured by properties for which fair values are higher than the bank loans as at December 31, 2021 while settlement of construction related loans are expected to coincide with the timing of receipts from the projects; and

(e) A subsidiary had obtained a one-off waiver from a bank on non-compliance with certain financial covenants on bank loans amounting to S$3.9 million (2020: S$15.6 million) as at December 31, 2021. The loans are repayable within the next 12 months and presented as a current liability as at December 31, 2021. The bank reserves the right to recall these loans. Additionally, the bank loans are due within the next 12 months and the repayments have been included in management's cash flow forecast.

    In November 2021, the Company had been granted a one-off waiver from another bank for non-compliance of financial covenants on bank loan amounting to S$10 million (2020: S$12.5 million) as at December 31, 2021. The bank has also granted the Company a covenant holiday to suspend compliance with financial covenants up to July 2023.

    Management is of the view that the banks will not exercise their rights to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group.

At the date of authorisation of these financial statements, the Group is in discussion with two banks to refinance or extend the repayment date of the bank loan amounting to S$53.4 million as mentioned in (c) above.

The Board confirms that to the best of its knowledge and belief, all material and sufficient information has been disclosed and announced for trading of the Company's shares to continue in an orderly manner and confirm that all material disclosures has been provided for trading of the Company's shares to continue.

Shareholders of the Company are advised to read the Independent Auditor's Report together with the FY2021 Audited Financial Statements of the Group in the Company's FY2021 Annual Report, which will be released to the SGX-ST via SGXNET in due course.

In the meantime, the Board wishes to advise Shareholders and potential investors to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Yap Ming Choo
Company Secretary
Date: April 20, 2022

Appendix 1 : Independent Auditor's Report

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, 2021, 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, as set out on pages 42 to 119.

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, 2021 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.

Material Uncertainty Related To Going Concern

We draw attention to Note 1 to the accompanying financial statements, which indicates that the Group recorded a net comprehensive loss of $38.4 million for the financial year ended December 31, 2021 and as of that date, the Group's current assets amounted to $465.2 million and its current liabilities amounted to $433.7 million. However, the Group's current assets include development properties of $296.9 million that may not be realisable within one year. At the date of this report, management is in discussion with two banks to refinance or extend the repayment date of a bank loan amounting to $53.4 million, which is contractually due by September 2022, beyond June 30, 2023.

In the event that the Group is unable to refinance or extend the repayment date of the aforementioned bank loan or 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.

This indicates that a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters	Our audit performed and responses thereon
Accounting for construction contracts **(Refer to Notes 3.2.1, 10, 24, 25 and 28 to the financial statements.)** Construction projects contributed $181.8 million of the Group's revenue for the year ended December 31, 2021. For these projects, the Group recognises revenue over time using the input method (i.e. "cost-to-cost" method). Consequently, estimates of total budgeted costs for each individual project affects revenue recognised, profit or loss and the carrying amounts of contract assets and contract liabilities in the statement of financial position. The COVID-19 pandemic and resulting business disruptions and operational changes have increased the estimation uncertainties relating to total budgeted costs. To support business in built environment sector, the Singapore Government introduced various measures which have effects on revenue and cost recognition. During the course of a project, the contract sum may be adjusted for variations, omissions and other variable consideration. When approved variations are unpriced, management estimates the transaction price based on information available which will not result in highly probable significant reversal when the price is confirmed. 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: • Assessed the reasonableness of total budgeted costs, after factoring in business disruptions and operational changes resulting from COVID-19; • Verified costs incurred against supporting documents; • Evaluated the accounting for adjustments to the contract sum and budgeted costs for COVID-19 support measures provided by the Singapore government; • Recomputed revenue recognised for the current financial year based on application of the input method; • Evaluated the adequacy of provisions of liquidated damages when projects are not likely to be completed on schedule; and • Evaluated the adequacy of provisions for onerous contracts when total budgeted costs are likely to exceed the contract sum. We have considered the adequacy of disclosures relating to construction contracts.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters	Our audit performed and responses thereon
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, 2021, 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, 2021. The Group has not impaired receivables of $23.7 million from the joint venture that has fully repaid its bank loan during the year which the Company had given joint and several corporate guarantee to 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 sales 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"). The valuer highlighted in the valuation report that less certainty and higher degree of caution should be attached to the valuation than would normally be the case as a result of an unprecedented set of circumstances on which to base a judgement.	We evaluated the expected credit loss estimated taking into consideration historical and forward looking information, including subsequent collections. In respect of valuation of the Development by the professional valuer, we performed the following: • Evaluated the qualifications, independence and objectivity of the valuer; • Considered the scope of their work; • Held discussion with the valuer to understand the valuation methodology and assumptions applied, as well as impact of COVID-19 on valuation; and • With the involvement of our internal valuation specialist, evaluated the appropriateness of the valuation methodology and the key assumptions and values used in parameters which affect the fair value estimates. In respect of management's estimates of net cash flows, we reviewed the estimated proceeds from the future sales of properties and other basis of the assumptions used including the cost components. We also 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 Matters	Our audit performed and responses thereon
Valuation of development properties **(Refer to Notes 3.2.2 and 11 to the financial statements.)** The Group's development properties totalling $296.9 million comprise both completed and uncompleted properties. These properties are stated at the lower of cost or net realisable values. Estimates of net realisable values and components of cost are sensitive to timing of sales and highly dependent on management's plans, judgement and estimates. Within the Group's development properties is a serviced apartment which option to purchase ("OTP") was granted and exercised by a third party in March 2022. The net realisable value of this development property is determined based on the sale consideration in the OTP less estimated costs to sell. In estimating the costs to sell, management has considered the cost from the selling agent and costs incurred by the Group for similar transactions. For the other development properties, 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, 2021, the Group recognised a write-down of development properties (net) amounting to $8.3 million. 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 the serviced apartment, we sighted to the exercised OTP and receipts of deposits from the buyer. We also compared management's estimate of associated selling expenses to relevant contract and actual costs incurred by the Group for similar transactions. For the other development properties, we evaluated the reasonableness of the estimated selling prices provided by the valuers and management by comparing these with recently transacted prices for the same project, if available; and with comparable properties in the vicinity, adjusted by valuers for qualitative differences. Refer to key audit matter, 'Valuation of investment properties' for procedures performed on independent valuers' valuation reports. 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; and checked the computations of write-down, if any. We considered the adequacy of disclosures to be appropriate in describing the write-down made for development properties held for sale.
Valuation of investment properties **(Refer to Notes 3.2.3 and 14 to the financial statements.)** The Group's investment properties totalling $181.5 million comprise a dormitory and various units in 2 commercial properties. The investment properties are stated at their fair values based on independent external valuations. The valuations involve significant judgement with regards to determining appropriate valuation methods; making adjustments to prices per square metre of comparable properties to account for differences in age, size and lease period; determining the appropriate rates for capitalising projected annual income net of expenses and the terminal capitalisation rate. The independent valuer for the dormitory has reported the valuation based on 'material valuation uncertainty' arising from the COVID-19 pandemic and a higher degree of caution should be exercised when relying on the valuation.	We evaluated the qualifications, competence and objectivity of the valuers and the scope of their work. We had discussions with the valuers to understand their valuation methodologies and assumptions applied, including consideration of impact of COVID-19. In respect of the 'material valuation uncertainty' clause in the valuation report for the dormitory, we understand from the valuer that the clause is intended to be cautionary in light of any unknown future impact that COVID-19 may have on real estate valuations. We considered the appropriateness of valuation methodologies used and the key assumptions and values used in parameters which affect the fair value estimates. 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

Information Other than the Financial Statements and Auditor's Report Thereon

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:

(a) 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.

(b) 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.

(c) 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

(d) 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.

(e) 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.

(f) 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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Puay Boon.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 18, 2022

Appendix 2 : Relevant Note to the Audited Financial Statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1 GENERAL

The Company (Registration No. 201105512R) 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 dollars.

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 net comprehensive loss of $38.4 million (2020: $57.0 million) for the financial year ended December 31, 2021 and as of that date, the Group's current assets amounted to $465.2 million (2020: $445.7 million) and its current liabilities amounted to $433.7 million (2020: $413.8 million). However, the Group's current assets include development properties of $296.9 million (2020: $287.1 million) that may not be realisable within one year.

In view of these circumstances, management has prepared a cash flow forecast containing major cash inflows and outflows of the Group over the next 18 months till June 30, 2023. The key assumptions applied in the cash flow forecast are:

(a) With regard to ongoing construction projects, the Group will be able to manage business disruptions and operational changes resulting from the COVID-19 pandemic and labour shortage due to border restrictions previously imposed. With support from the Singapore Government, management is of the view that the impact from foreign workers shortage is gradually abating. Based on management's review of the progress of the ongoing construction projects at the date of authorisation of these financial statements, there has not been any significant delays and escalation of costs which have not been factored in the year-end project budgets and the cash flow forecast from January 1, 2022 to June 30, 2023;

(b) The Group will be able to realise certain development and investment properties at specified minimum values. The specified minimum values are primarily based on year end valuations by independent valuers or past transacted prices adjusted for market information available as of the date of authorisation of these financial statements. Subsequent to the year end, a buyer has exercised an option to purchase certain development property. Proceeds of approximately $14.5 million after repayment of the bank loan collateralised by the development property and after deducting estimated selling costs will be used for general working capital purposes of the Group;

(c) The Group will be able to refinance or extend repayment date of a bank loan amounting to $53.4 million taken to finance a Group's substantially completed development property in Cambodia which is contractually due by September 2022, beyond June 30, 2023;

(d) Banks will not demand repayment for loans consisting of construction and non-construction related loans which are revolving or repayable on demand and the banks will continue to support the Group with banking facilities currently utilised by the Group. The banking facilities currently being utilised have been rolled over most recently in March 2022. Non-construction related loans are secured by properties for which fair values are higher than the bank loans as at December 31, 2021 while settlement of construction related loans are expected to coincide with the timing of receipts from the projects; and

(e) A subsidiary had obtained one-off waiver from a bank on non-compliance with certain financial covenants on bank loans amounting to $3.9 million (2020: $15.6 million) as at December 31, 2021. The loans are repayable within the next 12 months and presented as a current liability as at December 31, 2021. The bank reserves the right to recall these loans. Additionally, the bank loans are due within the next 12 months and the repayments have been included in management's cash flow forecast.

    In November 2021, the Company had been granted a one-off waiver from another bank for non-compliance of financial covenants on bank loan amounting to $10 million (2020: $12.5 million) as at December 31, 2021. The bank has also granted the Company a covenant holiday to suspend compliance with financial covenants up to July 2023.

    Management is of the view that the banks will not exercise their rights to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1 GENERAL (CONTINUED)

At the date of authorisation of these financial statements, management is in discussion with two banks to refinance or extend the repayment date of the bank loan amounting to $53.4 million as mentioned in (c) above.

In the event that the Group is unable to refinance or extend the repayment date of the aforementioned bank loan or realise sale of its properties at amounts sufficient to repay its obligations when due, the Group may be unable to discharge their 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. This indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. 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.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2021 were authorised for issue by the Board of Directors on April 18, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the above basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.