TA CORPORATION LTD

ANNUAL REPORT 2018

CONTENTS

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.

With a history that can be traced back to 1972, 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 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 15 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, which obtained TOP in May 2018.

The Group has also successfully ventured overseas through joint ventures in property development projects in China, Thailand, and Cambodia. Its regional portfolio include distinctive mixed-use developments such as *De Iyara, De Iyara Share* and *De Iyara Grande* in Thailand, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia, which is currently under development and targeted to be completed by end 2019.

In May 2018, the Group's 20% owned associate acquired a 99-year lease residential site at Mattar Road under the Singapore Government Land Sales programme.The 6,230 square metres site has a maximum gross area of 20,560 square metres and can yield an estimated 265 units.

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 more than 40 years in Singapore. 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 Ltd, CapitaLand Residential Ltd, CapitaLand Commercial Ltd, The Ascott Group, Keppel Land Realty Pte Ltd, Wheelock Properties (S'pore) Ltd, Wing Tai Holdings Ltd, Ladyhill (Private) Limited, Harvestland Development Pte Ltd, German European School Singapore as well as Florence Development Pte. Limited (A unit of Logan Property Singapore).

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-Koh Brothers Joint Venture, Yee Hong Pte Ltd, Lian Ho Lee Construction Pte Ltd, Chong Tong Construction Pte Ltd and Hon Industries 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 ("TK Modular"), 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.

Coupled with the existing pre-cast concrete component manufacturing capabilities, this added PPVC System competency will enable the Group to further enhance its productivity in construction – both for its own 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 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 warehouses and commercial space in Singapore for the use of its businesses and 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 of Shell, and GS Caltex in Myanmar, BP Castrol in Singapore, and Repsol in Thailand. It also distributes passenger and light truck tyres under the Continental brand. 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, IVECO ASTRA and Suzuki 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 you TA Corporation's annual report for the financial year ended December 31, 2018 ("FY2018").

Amidst the challenging operating environment, TA Corporation focused on strengthening its fundamentals to position ourselves for recovery. The Group boosted its construction order book significantly to $615.1 million as at December 31, 2018, despite the intense competition in the local construction industry. This is testament to our reputation as the contractor of choice for quality residential, industrial, commercial and institutional development projects.

The Group's distribution segment continued to achieve good progress to broaden our brand and portfolio in key emerging markets in Myanmar and Thailand, as part of our strategy to grow recurring income streams.

During the year under review, the Group's joint venture secured the distribution of automobiles and spare parts under the Suzuki brand in Myanmar, and through another joint venture, was appointed the sole licensee for Repsol brand of products in Thailand. This enables the local production of Repsol branded products, which will allow for customisation and strengthens our competitiveness in the Thailand market.

We will continue to steer the Group steadily forward while keeping a watchful eye on opportunities both locally and regionally for sustainable long-term growth.

FINANCIAL REVIEW

The Group recognised revenue of $134.8 million as compared to $218.7 million in the previous corresponding year, mainly attributed to lower revenue contributions from its real estate development and construction segments. The Group reported a gross profit of $29.1 million, while gross margin improved to 21.6% in FY2018 mainly contributed by the real estate investment segment. Coupled with lower other operating expenses, the Group narrowed its loss attributable to Owners of the Company to $14.9 million.

The Group's financial position remains sound, with cash and bank balances of $41.2 million as at December 31, 2018 and with a healthy gearing ratio of 2.25 times at the end of FY2018.

To fund its growth plans, the Group on July 26, 2018 issued a three year $27.0 million notes at a fixed coupon of 6.00 per cent due 2021 (the "Series 3 Notes") under its $300.0 million multicurrency medium term note programme.

DIVIDEND

The Group recognises and appreciates the continuing support and confidence in TA Corporation by its shareholders. However, in view of the less than favourable financial performance and in order to conserve cash for operational purposes, the Board of Directors have decided not to recommend a dividend for FY2018. While the Group had consistently declared dividends annually since its listing on the SGX Mainboard in 2011, the Directors are of the view that conserving cash for operational purposes takes priority. Going forward, if and when the financial performance of the Group and its cash situation permit, the Directors will consider proposing dividend again.

REAL ESTATE DEVELOPMENT

During the year, the Group remained prudent and targeted in its operating strategy in view of dampened sentiments in the residential property market towards the second half of 2018, as a result of the additional property cooling measures announced in July 2018.

In Singapore, the Group, through its 20%-owned associate, FSKH Development Pte. Ltd., acquired a 99-year lease residential site at Mattar Road in Macpherson under Singapore's Government Land Sales programme in May 2018. The 6,230 square metres land parcel is conveniently located near the Mattar MRT station and can yield an estimated 265 residential units.

The Group obtained TOP for its freehold project *12 on Shan* in May 2018. To capitalise on the project's close proximity to Health City Novena, an integrated healthcare masterplan development in Singapore, and the growing demand for well-positioned serviced apartments, the Group converted the development from private residential units to serviced apartments.

REVENUE

$134.8 million

(2017: $218.7 million) (Restated)

GROSS PROFIT

$29.1 million

(2017: $39.6 million) Restated

In Thailand, the Group completed two projects namely *iResidence* and *De Iyara Grande*, both located in Klong Luang District, Pathum Thani, part of the Bangkok metropolitan area. The former comprises 138-units of freehold serviced apartments while the latter consists of 72 units of 3.5-storey townhouses.

In Cambodia, the Group's iconic development, *The Gateway*, located in the Central Business District of Phnom Penh, continues to attract keen interest from potential buyers. The large-scale mixed-use development, which consists of a 36-storey office tower with 2-storey retail and a 39-storey residential tower with sky terrace, is expected to contribute to the Group's revenue upon its targeted completion by end of 2019.

CONSTRUCTION

Backed by over 40 years of expertise and track record in construction, TA Corporation's wholly-owned construction arm, Tiong Aik Construction Pte Ltd ("TAC") continues to be a significant contributor to its revenue. As an award-winning builder, TAC holds a BCA grade of A1 which enables the Group to undertake public sector construction projects of unlimited contract value.

Undeterred by the difficult operating and business environment, the Group secured an active pipeline of construction projects with a strong order book of $615.1 million as at December 31, 2018 to be delivered progressively over four years. This includes *JTC CleanTech Three @ CleanTech Park*, a mixed-use industrial building development

CHAIRMAN'S STATEMENT

project awarded by JTC corporation (worth $180 million) in September 2017, precast concrete work for HDB projects and Changi Airport works and three contracts awarded in November 2018, namely the residential developments in Hougang Avenue 2 (worth $272.2 million), and the residential developments at Fourth Avenue and Ewe Boon Road (worth a combined $149.9 million) from major developers.

Moving forward, the Group will continue to enhance our building capabilities and grow our complementary construction businesses. We will continue to stay relevant and competitive, particularly with the use of productive construction technologies such as the design, manufacture and supply of PPVC System in Singapore and Malaysia, carried out by our 80%-owned subsidiary, TK Modular Pte Ltd ("TK Modular").

TK Modular received in-principle acceptance from the Building Construction Authority and the relevant government bodies for the use of its PPVC System for building projects in Singapore. Henceforth, TK Modular is well-placed to work with developers to provide PPVC System for their projects.

REAL ESTATE INVESTMENT

In FY2018, the Group reported improved performance for its real estate investment segment, lifted mainly by improved occupancy rates at the *Tuas South Dormitory*, one of Singapore's largest purpose-built workers' accommodation facilities.

The Group will continue to enhance its marketing efforts for *Tuas South Dormitory* to capitalise on the opportunities arising from the tighter requirements on foreign workers' accommodation and further improve rental and occupancy rates.

DISTRIBUTION

The Group's distribution segment has grown rapidly since its establishment in 2012, widening and deepening its presence in the Southeast Asian region.

CHAIRMAN'S
STATEMENT

Besides the distribution of high-performance motor oils and lubricants in Singapore, Myanmar and Thailand, the Group is also engaged in the distribution of heavy commercial vehicles, trucks, buses, passenger vehicles, and automotive spare parts, as well as industrial lubricants, passenger and light truck tyres in Myanmar.

In the year under review, the Company's wholly-owned subsidiary, Sino Holdings (S'pore) Pte Ltd ("Sino Holdings") has entered into a joint venture with Synergy Resources Group Pte. Ltd. ("Synergy Resources"), our existing joint venture partner in Myanmar and Thailand, in the distribution of automobiles and spare parts under the "Suzuki" brand in Myanmar.

The Group's 50%-owned Viva Energia Pte. Ltd. ("Viva Energia") is the exclusive distributor of the 'Repsol' brand of high performance lubricants and other related products in Thailand. Viva Energia marked a breakthrough with the signing of a five-year exclusive licensee and distributor contract with Repsol Lubricantes Y Especialidades, S.A. for its lubrication products covering passenger car oils, commercial vehicle oils, hydraulic system fluid, transmissions oils, gear oils, greases, motorcycles oil and other ancillary products in Thailand. As the sole licensee, Viva Energia is able to produce a range of Repsol branded products locally in Thailand, allowing for effective product customisation for the Thailand market.

LOOKING AHEAD

TA Corporation will continue to act cautiously and remains committed to pursue strategic business opportunities in Singapore and regionally.

With over 40 years of proven track record and reputation as a reliable building contractor, along with our complementary construction businesses in PPVC System, precast concrete, Air-Conditioning & Mechanical Ventilation ("ACMV") systems, steel fabrication and workers' training, the Group's construction segment is well-placed to ride the demand, given our capability of taking on large scale commercial, industrial, institutional, and residential projects in Singapore. We will continue to monitor the market closely to pursue opportunities to strengthen our construction order book.

In Cambodia, we look forward to the completion of the commercial cum residential development *The Gateway* in Phnom Penh targeted by end 2019. Sales of the units from *The Gateway* is expected to contribute to our financials in the short to medium term ahead, after its completion.

In Thailand, the Group will start the development of its project in Khlong Sam District, Pathum Thani Province, Bangkok, a multi-phased mixed development of freehold land plots totaling 89,580 square metres, to be developed into residential and commercial units, whereby Phase One construction has commenced.

Moving forward, we will maintain our strategy of diversification and regional expansion, while maintaining a vigilant watch on costs for our operations. We will strive to widen our recurrent revenue base through real estate investment and continue to grow our Southeast Asia distribution business by expanding our network of distributorships and increasing distributorships of new products.

On behalf of the Board, I would like to take this opportunity to welcome Mr Pang Teng Tuan, who joined us as Independent Director in December 2018, whose wide range of experience will serve us well going forward. I would also take this opportunity to thank Mr Lim Hock Beng, who retired as Independent Director and a member of the Remuneration Committee in April 2018, for his contribution to the Group since its listing in 2011.

In closing, I would like to extend my sincere appreciation to our customers, shareholders and business partners for their unwavering support and confidence in our ability throughout the year. I would also like to thank our Board of Directors, for their visionary guidance and wise counsel, as well as our management and staff, for their hard work, perseverance and dedication to the Group. Together, we will remain committed and work hard to bring TA Corporation towards greater heights. Thank you.

LIONG KIAM TECK
Executive Chairman
April 1, 2019

OPERATIONS
REVIEW

2018 was a year of challenges and opportunities as Singapore's economy grew by 3.3 per cent, slightly below 2017's growth of 3.5 per cent and above expectation. This is amidst ongoing uncertainties in the global economy with growing trade conflict and nervous financial markets.[1]

Locally, the property market saw an increase in private home prices by 7.9% for the whole of 2018, but growth slowed significantly after the government announced additional property cooling regulations in July 2018.[2] Singapore's construction market continued to be affected by rising costs and manpower shortage.

Challenges notwithstanding, TA Corporation remains committed to grow and diversify its businesses in the region beyond the Group's established presence in the local construction and real estate market. As an ongoing effort to diversify and build recurrent income, the Group will continue to tap the vast growth prospects in the Southeast Asian region in Myanmar, Thailand and Cambodia.

In particular, the Group has seen marked progress in its distribution segment with expansion of its brand and product portfolio. At the same time, the Group will continue to exercise prudence while keeping a close eye on the local property market, leveraging on its established track record and capabilities in Singapore.

CONSTRUCTION

The construction segment continues to be a key contributor to TA Corporation, recording a revenue of $89.4 million, accounting for approximately 66.3% of the Group's total revenue in FY2018. The revenue decreased compared to $149.5 million in FY2017, due to fewer construction projects in progress for FY2018.

As a testament of the Group's established competencies as one of the builders of choice in the local construction business, it secured a strong orderbook of construction projects amounting to $615.1 million as at December 31, 2018, which will underpin its performance over the next four years. This comprises both industrial and residential projects including *JTC CleanTech Three @ CleanTech Park*, a mixed-use industrial building development project awarded by JTC Corporation (worth $180 million) in September 2017, precast concrete work for HDB projects and Changi Airport works and three contracts awarded in November 2018, namely the residential developments in Hougang Avenue 2 (worth $272.2 million), and the residential developments at Fourth Avenue and Ewe Boon Road (worth a combined $149.9 million) from major developers.

In addition, *Highline Residences* (a $174.4 million residential project) was completed in February 2018 while the *German European School Singapore* (worth $94.0 million) was completed in June 2018. The work at *Highline Residences* won the Workplace Safety & Health Performance Awards – SHARP Awards in 2016, a further endorsement of the Group's track record as an award-winning top-tier construction company.

To maintain its competitiveness, the Group continues to leverage on its construction expertise, extending to its suite of construction-related businesses.

TK Modular, a 80%-owned subsidiary, was established to design, manufacture and supply PPVC System in Singapore and Malaysia. TK Modular received in-principle acceptance in November 2017 from BCA for the use of its PPVC System for building projects in Singapore.

The Group also owns a pre-cast concrete manufacturing plant in Johor, Malaysia, which targets the Singapore and Malaysia markets for pre-cast concrete components products, fulfilling the growing demand for pre-cast concrete components to enhance efficiency and productivity.

Aston Air Control Pte Ltd ("Aston"), a subsidiary, has been involved in design, installation and maintenance of Air-Conditioning & Mechanical Ventilation ("ACMV") systems for residential, commercial and industrial buildings in Singapore for more than 15 years. Aston expanded its presence to the Cambodian market since 2014 through a subsidiary, Alpha (Cambodia) Ltd.

Additionally, the Group also provides complementary services including fabrication of metal frameworks, erection of building structural steels as well as management of Group's construction machinery through Credence Engineering Pte. Ltd., a wholly-owned subsidiary of TA Corporation.

The Group also provides training and testing services for foreign construction workers and operates a test centre in Chennai, India and a test centre in Singapore, both endorsed by BCA.

REAL ESTATE DEVELOPMENT

In FY2018, the real estate development segment reported a revenue of $0.8 million, representing a significant decrease of $27.3 million compared to $28.1 million recorded in FY2017. This is due to significantly lower contribution from both local and overseas development projects.

As part of its pipeline projects, the Group has, through its 20%-owned associate, FSKH Development Pte. Ltd., acquired 99-year lease residential site at Mattar Road under Singapore's Government Land Sales programme in May 2018. The 6,230 square metres site has a maximum gross floor area of 20,560 square metres and can yield an estimated 265 units.

The Group obtained TOP for its freehold project 12 on Shan in May 2018. To capitalise on the project's close proximity to Health City Novena, an integrated healthcare masterplan development in Singapore, the Group converted the development to serviced apartments, during the year.

OPERATIONS
REVIEW

Overseas in Thailand, the Group has completed the *iResidence*, a project which comprises two blocks with a total of 138-units of freehold serviced apartments in May 2018. *De lyara Grande*, a development which consists of 72 units of 3.5-storey townhouse, was completed in February 2016. Both projects are in Klong Luang District, Pathum Thani, which forms part of the Bangkok Metropolitan area in Thailand.

Currently, the Group is developing another freehold project in Khlong Sam District, Pathum Thani Province. The project is a multi-phased mixed development of freehold land plots totaling 89,580 square metres, to be developed into residential and commercial units. Construction has commenced for Phase One, which will comprise 53 units of shop houses, 40 units of twin houses and 106 units of town houses targeted for completion in 2020.

In Cambodia, the Group's development of its iconic commercial cum residential mixed-use development, *The Gateway* in Phnom Penh is on-going. Following the completion of construction targeted by end 2019 and handover to buyers, the Group expects to commence recognition of revenue from units sold, which will boost its revenue.

The Group will continue to expand and develop its existing land bank which includes a 49%-owned 20,515 square metres freehold plot of land in Phnom Penh, Cambodia which is planned for a mixed-use residential and commercial development.

REAL ESTATE INVESTMENT

In line with strategy to grow its recurrent income stream, TA Corporation owns and operates more than 61,000 square metres of investment property space. Besides its dormitory business with more than 10,000 beds for foreign workers in Singapore, the Group owns commercial units at New World Centre, 1 Jalan Berseh totalling 4,235 square metres as well as warehouses in Singapore for the use of its businesses and sources of rental income.

The Group's dormitory business is led mainly by its 62%-owned *Tuas South Dormitory* which opened in mid-2016. The 9,180 bedded *Tuas South Dormitory* is one of the largest purpose-built dormitories in Singapore and had demonstrated improved occupancy rate despite challenging market conditions. In FY2018, the segment recorded a revenue of $19.5 million, an increase of $3.8 million compared to $15.7 million in FY2017.

The real estate investment segment accounted for 14.5% of Group revenue during the year under review.

DISTRIBUTION

In FY2018, TA Corporation's distribution segment, through its wholly-owned Sino Tac Resources Pte Ltd and 51%-owned subsidiary, Que Holdings Pte. Ltd., reported stable revenue of $25.1 million against $25.4 million in FY2017. The marginal decline of $0.3 million was due mainly to lower contribution from its distribution segment in Singapore. The distribution segment contributed 18.6% of FY2018's Group revenue.

The subsidiaries under the Group's distribution arm currently hold distribution rights to BP's motor oil and lubricants in Singapore, B2B and B2C distributorships of Shell's automotive, aviation and industrial lubricants as well as distributorship for passenger and light truck tyres under the Continental brand in Myanmar.

In Myanmar, the Group's 50%-owned Synergy Truck Pte Ltd. ("Synergy Truck") is one of the country's leading commercial vehicles and construction equipment distributors, distributing trucks, buses, vans, and other commercial vehicles as well as automotive spare parts under the 'Iveco', 'Astra', and 'Zhong Tong' brands as well as 'CASE' construction equipment and automotive spare parts in Myanmar. During the year, the Group's 50%-owned joint venture, Auto 1 Motor Company Limited was awarded a distributorship to sell Suzuki passenger cars and spare parts within Myanmar. In addition, the Group's 50%-owned Eternal Synergy Pte. Ltd., distributes the 'GS Caltex' brand of lubricants and related products in Myanmar. .

In Thailand, the Group's 50%-owned Viva Energia Pte. Ltd. ("Viva Energia") is the exclusive distributor of the 'Repsol' brand of high performance lubricants and other related products in the Thailand market. In May 2018, Viva Energia marked a breakthrough with the signing of a five-year exclusive licensee and distributor contract with Repsol Lubricantes Y Especialidades, S.A. for its lubrication products covering passenger car oils, commercial vehicle oils, hydraulic system fluid, transmissions oils, gear oils, greases, motorcycles oil and other ancillary products in Thailand. As the sole licensee, Viva Energia is able to produce a range of Repsol branded products locally in Thailand, allowing for effective product customisation for the Thailand market.

Moving forward, the Group will continue to grow its regional distribution business by expanding its networks and channels, to capitalize and seize growth opportunities in new markets.

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1 https://www.pmo.gov.sg/newsroom/2019-new-year-message-pm-lee-hsien-loong

2 https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr19-05

FINANCIAL HIGHLIGHTS

GROUP REVENUE
($'MILLION)

2014	304.4
2015	276.7
2016	194.1
2017 (Restated)	218.7
2018	**134.8**

CONSTRUCTION
($'MILLION)

2014	212.5
2015	183.1
2016	129.9
2017 (Restated)	149.5
2018	**89.4**

REAL ESTATE DEVELOPMENT
($'MILLION)

2014	75.2
2015	74.6
2016	34.6
2017	28.1
2018	**0.8**

REAL ESTATE INVESTMENT
($'MILLION)

2014	1.4
2015	1.5
2016	8.0
2017	15.7
2018	**19.5**

DISTRIBUTION
($'MILLION)

2014	15.3
2015	17.5
2016	21.6
2017	25.4
2018	**25.1**

GROSS PROFIT
($'MILLION)

2014	53.3
2015	40.4
2016	36.0
2017 (Restated)	39.6
2018	**29.1**

PROFIT (LOSS) AFTER TAX
($'MILLION)

2014	21.7
2015	(24.0)
2016	(14.6)
2017 (Restated)	(27.3)
2018	**(13.1)**

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

2014	244.4
2015	216.3
2016	210.0
2017 (Restated)	189.7
2018	**172.4**

GEARING RATIO
(TIMES)

2014	1.4
2015	1.7
2016	1.7
2017 (Restated)	2.06
2018	**2.25**

NET ASSET VALUE PER SHARE[1]
(CENTS)

2014	52.6
2015	46.5
2016	43.5
2017 (Restated)	37.9
2018	**33.3**

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

2014	4.4
2015	(5.1)
2016	(1.4)
2017 (Restated)	(3.8)
2018	**(2.9)**

[1] Based on issued share capital of 518,068,220 shares for FY2018, 499,983,810 shares for FY2017, 482,270,359 shares for FY2016 and 465,000,000 shares for FY2015 and FY2014
[2] Based on weighted average number of 510,533,049 shares for FY2018, 492,603,205 shares for FY2017, 475,074,376 shares for FY2016 and 465,000,000 shares for FY2015 and FY2014
Restated – 2017 Comparative figures were restated on the adoption of Singapore Financial Reporting Standards (International) (SFRS (1)) with effect from January 1, 2018.

BOARD OF DIRECTORS

MR LIONG KIAM TECK
Executive Chairman

He was appointed to the Board on March 7, 2011 and was last re-elected as a Director on April 27, 2018. 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 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 Liong completed his General Certificate of Education ("GCE") "O" level examination in 1967.

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

He was appointed to the Board on March 7, 2011 and was last re-elected as a Director on April 26, 2017. As the Group's Chief Executive Officer, Mr Neo Tiam Boon, PBM responsibilities include overall business development, financial and strategic planning, sales and marketing as well as human resources of the Group. Mr Neo Tiam Boon, PBM has been with our Group since 1996 and has over 20 years of management experience.

Over the years, he has established a network of relationships with developers, customers, consultants and architects with both the construction and real estate industries.

Mr Neo Tiam Boon, PBM graduated with a Bachelor of Science in Business Administration from the University of Arkansas in 1986 and was conferred the Public Service Medal (Pingat Bakti Masyarakat) by the President of the Republic of Singapore in 2005.

MR NEO TIAM POON @ NEO THIAM POON
Deputy Executive Chairman

He was appointed to the Board on March 7, 2011 and was last re-elected as a Director on April 26, 2017. Mr Neo Tiam Poon @ Neo Thiam Poon 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 Tiam Poon @ Neo Thiam Poon has been with us since 1976 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 1973.

MR NEO THIAM AN
Executive Director

He was appointed to the Board on 7 March 2011 and was last re-elected as a Director on 27 April 2016. Mr Neo Thiam An 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 Thiam An has been with the Group since 1977 and has over 38 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 FONG HENG BOO

Lead Independent Director

He was appointed as the Company's Lead Independent Director on December 1, 2017 and was last re-elected as a Director on April 27, 2018. He is the chairman of the Audit 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 45 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 LEE AH FONG

Independent Director

He was appointed as the Company's Independent Director on September 20, 2011 and was last re-elected as a Director on April 27, 2018. He serves as the Chairman of the Remuneration Committee and is a member of the Audit Committee.

Mr Lee was a civil servant before becoming a practicing lawyer in 1981 after he was called to the English Bar as a Barrister-at-Law on July 24, 1980. He is currently a partner of Ng, Lee & Partners. Mr Lee is an honorary management committee member of the Singapore Federation of Chinese Clan Associations, the Chairman of Yuying Secondary School Management Committee and has been serving in various capacities in non-government organizations and clan associations for many years. Mr Lee currently serves as Chairman of the Remuneration Committee and member of the Audit Committee, Nominating Committee and Executive Committee of TEE International Limited. He is also the Chairman of the Nominating Committee, member of the Audit Committee and Remuneration Committee of Cortina Holdings Limited.

MR MERVYN GOH BIN GUAN

Independent Director

He was appointed as the Company's Independent Director on September 20, 2011 and was last re-elected as a Director on April 26, 2017. 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 PANG TENG TUAN

Independent Director

He was appointed as the Company's Independent Director on December 3, 2018.

Mr Pang is a director of Serenade Capital Advisors, an advisory firm that provides corporate advisory services. 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-ST 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). He 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.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Director is pleased to present TA Corporation Ltd (the "Company") (the "Company) and its subsidiaries (the "Group") second sustainability report. The Group is committed to sustainable business practices that help to enhance stakeholders' value and provide reliable and sustainable products and services to our customers to create social and environmental benefits beyond our economic performance.

The Board provides strategic direction and is in close interaction with the management to monitor the results of sustainability efforts undertaken by senior management of the Company.

The Board has emphasised that management will continue to be evaluated by its success in executing its strategic plan to meet stakeholders' and the Board's expectations, including responding to changing business and legal landscape while adhering to fundamental commitments. The Board is ultimately responsible for the Group's compliance with SGX-ST requirements on sustainability reporting.

Top management commitment and staff involvement

The Group continues to build on sustainability initiatives from past years, and improve on our past efforts in steering the course of our sustainability commitments.

The Group deploys a pragmatic approach to deliver our sustainability commitments. Our efforts are centred on putting in real-world solutions with maximum benefits.

The Group maintains a strong focus on good corporate governance and risk management practices. We believe in upholding the highest ethical standards of corporate governance which translates into a sustainable and long-lasting overall sustainable performance.

The Group believes that sustainable supply chain management is core to our sustainability strategies. Hence, we extend our sustainable business practices across our value chain, from business units to suppliers. This includes applying environmentally friendly construction processes as well as using sustainable sources.

ABOUT THIS REPORT

Reporting period

This is the Group's second sustainability report and covers the reporting period from January 1, 2018 to December 31, 2018.

Scope

This report covers the sustainability performance of the Group's operations in Singapore (unless otherwise stated).

Framework

This report is prepared in alignment with the sustainability reporting regulatory requirements set out in the SGX-ST Listing manual and with reference to the Global Reporting Initiative Standards.

Sustainability contact

Please send any queries or comments regarding our sustainability report to tac@tiongaik.com.sg.

OUR SUSTAINABILITY PERFORMANCE

The Group has regular review, assessment and feedback in relation to Environmental, Social or Governance ("ESG") topics. The Group has taken into consideration its business and feedback from various key internal and external stakeholders including shareholders, employees and business partners in assessing, identifying sustainability issues.

Through regular engagements, we identify material issues (disclosures) that are most relevant and significant to us and our stakeholders. We prioritise our sustainability efforts to the disclosures most relevant to the Group.

SUSTAINABILITY REPORT

PRIMARY FACTORS	MATERIAL FACTORS	PERFORMANCE MEASURES	PERFORMANCE FOR FY2018	FY2019 TARGETS
Corporate governance	Good corporate governance and ethics	A sound system of risk management, internal controls and high standards of ethical conduct at all levels.	• Deployed Risk Management Framework by setting up the Risk Management Committee, implemented risk management policies and strategies and reported its findings to the Audit Committee.	• To maintain zero issues arising from changes in the environment and social issue as well as governance issues in responding to risks and implement risk management policies and strategies.
Social	Workplace safety	Drive Workplace Safety and Health ("WSH") excellence by monitoring the leading indicators and organizing awareness initiatives and programmes.	• Construction division had exceeded Ministry of Manpower ("MOM") guidelines for workplace safety in FY2018, rating less than 1.8 for Accident Frequency Rate ("AFR") and less than 108 for Accident Severity Rate ("ASR").	• Continue to achieve better than the national average, that is – AFR less than 1.8 – ASR less than 108
	Equal employment opportunity (Refer to Chart 1)	Committed to non-discriminatory employment practices	• Zero incident of unlawful discrimination against employees.	• Zero incident of unlawful discrimination against employees.
	Employee engagement and talent retention	Empowered human capital to meet their full potential both professionally and personally	• Conducted Annual Employee Engagement survey in FY2018 to engage employees by providing an avenue to gather feedback from all levels of staff, aiming at creating a conducive work environment and engaging members to fulfil their career aspirations. • The Employee Engagement Index ("EEI") which measures the employee participation rate improved positively from approximately 68% in FY2017 to approximately 70% in FY 2018.	• Human Resources team to work on areas that enhance employee engagement and to further improve on EEI as compared to FY2018.
Soical	Training and education of employees – learning and development	Continuing education and skill upgrade to equip staff to contribute effectively to improve Group's performance	• Developed our human capital with a focus on future skill development related to Integrated Digital Delivery ("IDD"), Design for Manufacture and Assembly ("DfMA") and Structural Steel and Productivity Technology for the construction industry • A new initiative – the "Lunch to Learn" events – was launched in 2018 with the aim to further encourage and embrace continuous learning culture.	• To conduct more future skill development programmes with a focus on skills upgrade and knowledge enhancement for employees.
	Community services	Annual corporate giving and activities to give back to local communities	• "One Community Day" outreach programme to deliver food to elderly and low-income households at Kembangan-Chai Chee "K-CC One Community Day" with help from volunteer staff members to spread the awareness to the members of the public about supporting people with special needs through volunteerism.	• Continue to give back and do more for local communities within our business operations, under our Corporate Social Responsibilities ("CSR") initiative.

SUSTAINABILITY REPORT

PRIMARY FACTORS	MATERIAL FACTORS	PERFORMANCE MEASURES	PERFORMANCE FOR FY2018	FY2019 TARGETS
Environmental	Energy efficiency (energy and water conservation)	Committed to implementing best practices, innovations and technologies to reduce energy consumption and water saving features to efficient use of water consumption.	• Implemented various energy conservation measures such as installing energy-efficient motion-sensing lighting and light sensors at site offices and toilets. • Implemented water conservation measures by using recycled water at washing bays and for general cleaning purposes. • Installed water-saving devices such as self-closing taps and water thimbles in our project sites and corporate offices in Singapore where possible.	• Improve water saving by 2% from FY2018. • Improve electricity saving by 1% compared to FY2018. • Improve diesel saving by 1% compared to FY2018. • Reduce rebar wastage by 1% compared to FY2018. • Reduce concrete wastage by 2% compared to FY2018.
	Promoting green practices	Embrace various green practices in our operations and complying with best practice within the green initiatives space, such as Building and Construction Authority (BCA) Green and Gracious Building initiative.	• Attained ISO 14001 renewal certification, which is the standard that requires Effective Environmental Management System and less than 5 non-conformity related to an environment issue, during the period under review.	• Continue to attain ISO 14001 certification and achieve further improvement set by ISO 14001 audit, especially in the area of supplier and procurement management • Eliminate deficiencies in product and services and further improve environment management by less than 5 non-conformities.
Environmental	Emission control, effluent and waste management	Compliance with the National Environment Agency ("NEA") regulations regarding waste emission, effluent and waste disposal.	• Awarded the Building and Construction Authority Green and Gracious Builder Scheme certification, repeating achievement for the past few years where the Group were awarded the same certification; • This scheme was further enhanced to version 2.1 in 2016 to recognize the adoption of productive construction method and place greater emphasis on gracious practices which inter alia, use of systems and technology to reduce waste, use of recycled and sustainable materials for site applications during the construction stage, etc.	• Waste disposal cost reduction by 2% compared to 2018 level. • Office wastage reduction by 1%. • Noise level limit 80dBA for sites near to residential and 70dBA for sites near to hospital and school. • Not more than 10 authorities' findings for housekeeping and air quality at all sites.

By Age Group

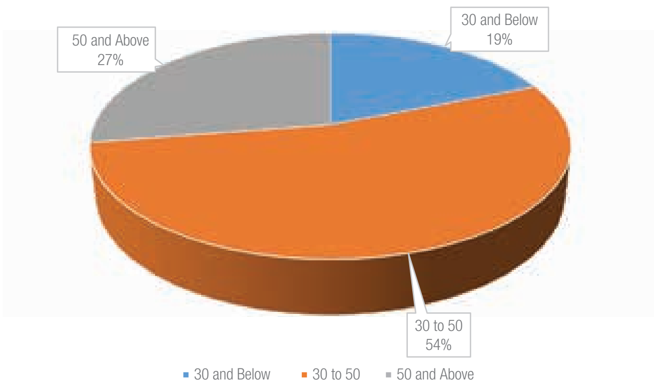

Chart 1

SUSTAINABILITY REPORT

SUSTAINABILITY ACTIVITIES HIGHLIGHT

CORPORATE GOVERNANCE

The Board set up a Sustainability Committee ("SC") to assist the Board of Directors ("Board") in overseeing the sustainability direction, action plans, sustainability performance and the development of the sustainability report and monitors the material ESG factors of TA Corporation Ltd.

The SC comprises senior management from the Group with representatives from respective business units. The SC assists the Board to drive the sustainability programme across the Group, reports its result periodically to the Board and recommends actions to be taken based on issues identified.

SOCIAL

Workplace safety

We are committed to preventing work-related injuries or illness by implementing safety measures to address any safety and health risk present at the workplace. We conduct regular safety briefings to instil strong safety mindset among our employees and subcontractors. We also conduct regular Safety Time-Out for all high-risk related activities at our worksites to improve our safety measures awareness.

To step up our readiness to manage emergencies, a team of our employees have been trained and are certified as first aiders for all our project sites. They are also trained to use automated external defibrillators (AED) and CPR techniques in case of a medical emergency.

As part of our continuous effort to promote a safe and healthy work environment, we have also launched work safety training and safety awareness courses conducted internally since 2017.

The Group was awarded multiple Occupational, Health and Safety certifications and corporate awards.

Equal employment opportunities

The Group is committed to equal employment opportunities for all employees and to providing employees with a work environment free of discrimination. This includes the signing of the Employers Pledge for Fair Employment Practices with the Tripartite Alliance for Fair Employment Practices (TAFEP). In 2018, there was no reported incident relating to discrimination for the Group.

Our hiring process is simple – to find the best-fit candidate for all our jobs. Race, gender, age, religion, nationality and marital status do not affect our decision-making process. We strongly believe that an open position should be filled by any applicant who meets the requirements and possesses the right skills, knowledge, experience and competencies to succeed. The pie below illustrates the diversity (age group) in the company.

The Group has also worked with Singapore Corporation of Rehabilitative Enterprises (SCORE) to hire ex-offenders for some vacancies within the Group, in line with the Group's belief in providing opportunities for them to re-enter society.

We embrace and believe in diversity at the workplace because it offers unique interaction dynamics, enhances our adaptability to changes, increases productivity and provides more creative solutions to problems.

The principle of equal employment opportunity also applies to our human resource practices and provide guidance to our decisions regarding promotion, transfer, training, development, salary and benefits administration.

Learning and development

In a dynamic business environment, it is imperative to invest in employee learning and development.

The Group provides opportunities for our employees to develop to their fullest potential. In order to prepare our employees to be future-ready, we send them for courses that focus on future skills development related to Integrated Digital Delivery ("IDD") and DfMA ("Design for Manufacture and Assembly") prefabricated bathroom unit ("PBU"), PPVC System, Precast, Structural Steel and Productive Technology for construction industry.

As we move towards a digital future, it is also important to train and equip our employees with skills and mindset on innovation, such as Design Thinking and Digital Language. We have recently sent our Building Information Modelling ("BIM") colleagues for courses on Python programming language, and trained them in the application of data science, DevOps (Development and Operations) and Internet of Things ("IOT").

In addition to regular in-house programmes such as LPM Leadership Development and Managers Training workshops, we also conducted in-house Hi-Potential workshops to identify our high potential employees to build up our talent pipeline. We have also conducted Succession Planning workshops to identify our successors for key and critical roles in the company.

One of the new initiatives launched in 2018 was the Lunch to Learn events, which aim to further encourage our employees to embrace continuous learning.

In order to better support our Business Units, our HR has worked in collaboration with outsourced learning solutions providers to conduct a series of in-house business strategic planning workshops to help our business units to develop and fine-tune their business plans. Topics covered include SWOT analysis, set strategic goals, objectives and strategic plan balanced scorecard, amongst others.

ENVIRONMENT

Energy efficiency (energy and water conservation)

The Group is committed to integrating environment and corporate sustainability while conducting our businesses. As a diversified business group with operations spanning real estate, construction, distribution and workers' training and accommodation, we recognise the social, environmental and ethical impacts our business decisions and actions can have on our operating environment.

SAFETY AWARDS			
1	RoSPA Awards	The Royal Society for the Prevention of Accidents (RoSPA)	Gold award since 2016
2	SHARP Awards	Safety and Health Award Recognitions for Projects (SHARP)	Safety and Health Award Recognitions for Projects (SHARP) since 2016

SUSTAINABILITY REPORT

To promote environmental sustainability, our Group has embarked on a series of environmental sustainability efforts using a multi-pronged approach. We have implemented an environmental management system to identify and manage the environmental aspects of our operations, including the usage and conservation of energy and water, as well as the usage of paper. We manage our environmental footprint further by establishing reduction targets and implementing programmes to achieve these targets. Our efforts to promote environmental protection have won us recognition such as the receipt of a Green and Gracious Builder (Excellent) certificate.

At our construction sites, the Group has implemented various energy conservation measures such as installing energy-efficient motion-sensing lighting and light sensors at site offices and toilets and green walls to lower room temperature to reduce electricity consumption. Furthermore, we ensure that air-conditioning systems for our projects under construction and our corporate offices in Singapore are also energy efficient, giving preference to equipment with the Energy Star logo.

In terms of conserving water, our Group has also implemented water conservation measures such as the use of recycled water for general cleaning purpose and at washing bays as well as installed water-saving devices such as self-closing taps and water thimbles in our project sites and corporate offices in Singapore where possible.

We continuously monitor our energy and water consumption to ensure that there is no abnormal spike and to identify areas of improvement to improve resource efficiency to contribute to environmental sustainability.

Promoting green practices

Our Group is committed to being a progressive builder in addressing environmental and public concerns arising from construction works. We firmly support BCA's efforts to promote sustainability, environmental protection and considerate practices by builders during the construction phase of development.

Some key features adopted by our Group's construction projects include:

(i) Extensive usage of recycled aggregates for non-structural applications like drains, road, kerbs and wheel stoppers;

(ii) Use of energy efficient equipment, green label photocopies, 4 ticks air-conditioners and creeper plant in the site office (green walls);

(iii) Use of green label materials such as playground flooring and equipment, paint, tile adhesive, waterproof membrane, drywall, carpet, vinyl flooring, ceiling board, joint grout etc.;

(iv) Providing covered walkways around the site where there is heavy usage by the public;

(v) Use of cast metal formwork to reduce usage of timbers;

(vi) Use of pre-fabricated, pre-casted construction elements to reduce wastage of construction materials;

(vii) Use of solar panels hoarding lights;

(viii) Use of drones to check the peripheral drain and the depression to prevent environmental impacts to the neighbour;

(ix) Use of e-PTW (Permit To Work) app to reduce usages of papers; and

(x) Use of QR Code for e-Competency Test for workplace safety and health ("WSH") to reduce usages of papers;

Emission control, effluent and waste management

The Group is committed to managing its environmental impact as a real estate developer, contractors, and owner and manager of properties as well as other areas of business that the Group is involved in.

Managing this impact allows the Group to align with national priorities, mitigate policy and physical risks and reduce operational costs.

Singapore pledged to reduce emissions intensity by 36% from 2005 levels by 2030 as part of the Paris Agreement. It is estimated that if business-as-usual is maintained, emissions are expected to reach 77 million tonnes of carbon dioxide (''CO2") by 2020 with the building sector accounts for approximately 14%.

Our Group's operation in Singapore conforms to all local environmental laws and regulations including the emissions target set by the authority.

Our operations consume and generate emission in various forms, such as diesel and electricity. We have set a target to reduce emissions by reducing usage of diesel and electricity both by 1% in 2019 compared to 2018 total usage. We are also committed to implementing best practices, innovation and technologies to reduce energy consumption and expenditure in our operations.

Due to the nature of our business, our activities and operation also create noise and vibration by tools and machines use on sites. In this regard, we are committed to implementing practical pollution and noise control measures in line with the National Environment Agency ("NEA") regulation and industry standard in order to ensure parameter of noise emission is under controlled.

We have attained both Green and Gracious Builders Scheme certificate and ISO 14001 and ISO 9001 for our continuing efforts in these areas.

	CONSERVATION INITIATIVES	TARGET SET FOR 2019
1	Water Saving	2% reduction from FY2018
2	Electricity Saving	1% reduction from FY2018
3	Diesel Saving	1% reduction from FY2018

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, 2018 ("FY2018") with reference to the Code of Corporate Governance 2012 (the "2012 Code"). The Company has complied in all material aspects with the principles and guidelines of the 2012 Code as well as compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. Where there are deviations from the 2012 Code, explanations have been provided.

BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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 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 Singapore Exchange Securities Trading Limited (the "SGX-ST").

STATEMENT OF
CORPORATE GOVERNANCE

The current members of the Board and their membership on the Board Committees of the Company are as follows:

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

The present Board comprises eight members, four of whom are independent directors. Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An will retire by rotation at the conclusion of the forthcoming AGM and will not be seeking re-election. Mr Lee Ah Fong has indicated his intention not to seek re-election at the forthcoming AGM due to his poor health and medical condition.

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, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each committee.

Please refer to Principles 4 to 5, 7 to 9, 11 to 13 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, except for Mr Pang Teng Tuan who was appointed as a Director on December 3, 2018, at Board and Board Committees meetings in FY2018 is disclosed below:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	2
Name of Directors	**Number of meetings attended**			
Mr Liong Kiam Teck	4	4*	1*	2*
Mr Neo Tiam Boon	4	4*	1*	2
Mr Neo Tiam Poon @ Neo Thiam Poon	3	3*	N.A.	1*
Mr Neo Thiam An	4	4*	N.A.	1*
Mr Fong Heng Boo	4	4	N.A.	2
Mr Lim Hock Beng[1]	1	1	1	N.A.
Mr Lee Ah Fong[2]	3	3	1	N.A.
Mr Mervyn Goh Bin Guan	4	4	1	2

1 Mr Lim Hock Beng retired on April 27, 2018.

2 Mr Lee Ah Fong was hospitalised in fourth quarter 2018.

N.A. -The Directors are not members 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 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. Mr Pang Teng Tuan was appointed as a Director on December 3, 2018 and had gone through the Company's orientation process for newly appointed Directors.

The Directors are continually and regularly updated on the Group's business and governance practices. On a quarterly basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and for them to receive updates and training from SID. Briefings and updates provided for Directors for the financial year ended December 31, 2018 include the following:

- The external auditors briefed the AC members on developments in accounting and governance standards and 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 amendments to the Companies Act and the provisions of the 2018 Code by the Company Secretaries.

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

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

- The Directors had also attended appropriate courses, conferences and seminars at the Company's expense as well as at their own expense. These include programmes run by the SID.

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 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 from pages 10 to 14 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The present Board comprises eight members, half of whom are Independent Directors, with one of them being a Lead Independent Director.

Under Guideline 2.2 of the 2012 Code, the independent directors should make up at least half 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 fully complied with the Guidelines.

The criterion for independence is based on the definition given in the 2012 Code. The 2012 Code has defined an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the 2012 Code.

For the purpose of determining Directors' independence, every Director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the Executive Directors, all the other Directors on the Board are considered by the NC and the Board to be Independent Directors. The 2012 Code states that the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review. As at the date of this Annual Report, none of the Directors have served on the Board for a period exceeding nine years from the date of their appointments.

At all times, the Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board is reviewed on an annual basis by the NC, taking into account the scope and nature of the operations of the Group and the requirements of the business, to ensure that the Board is of the appropriate size and to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Collectively as a team, the current Board provides core competencies such as accounting, legal, business and management experience as well as industry knowledge. Details of the Directors' academic and professional qualification are set out on pages 8 and 9 of this Annual Report.

During the year, the Independent Directors 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.

During the year, the Independent Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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, among other things, 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.

STATEMENT OF CORPORATE GOVERNANCE

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 organizational 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.

As Chairman, Mr Liong's responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- set the agenda and ensure 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 Guideline 3.3 of the 2012 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 Directors has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, and the lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-election of directors to 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 and the CEO;

(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.

STATEMENT OF CORPORATE GOVERNANCE

Each Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors.

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 and 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.

Mr Pang Teng Tuan was identified by the NC as a candidate which complements the Board's skill and competence with his experience and was recommended for appointment as a Director. At the recommendation of the NC, the Board appointed Mr Pang as an Independent Director on December 3, 2018. Details of Mr Pang's academic and professional qualification is set out on page 9 of this Annual Report.

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 Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Thiam An and Mr Lee Ah Fong will retire by rotation pursuant to Regulation 89 of the Constitution of the Company at the forthcoming AGM. Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Thiam An and Mr Lee Ah Fong have indicated to the Board that they do not wish to seek re-election at the forthcoming AGM and will retire at the conclusion of the forthcoming AGM.

Further, in accordance with Regulation 95 of the Constitution of the Company, all Directors appointed by the Board are subject to election by shareholders at the first general meeting following their appointment. Accordingly, Mr Pang Teng Tuan, who was appointed on December 3, 2018 will retire at the forthcoming AGM, and being eligible has consented to his re-election at the forthcoming AGM. The NC has recommended Mr Pang's re-election.

As of the date of this Annual Report, the Company has no alternate directors on its 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 on pages 8 and 9 of this Annual Report.

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.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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.

This process includes having the Directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board Committees, leadership and accountability. The Company Secretaries compile the Directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board.

STATEMENT OF CORPORATE GOVERNANCE

The Directors will undertake self-evaluation based on factors such as knowledge of the Company's business and industry knowledge and contribution to Board discussion. The Directors' evaluations are consolidated by the Company Secretaries and are reviewed by the NC. 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 has been effective in the conduct of its duties and the Directors have each contributed to the effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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.

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.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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

Mr Lee Ah Fong	Chairman	Independent Director
Mr Fong Heng Boo	Member	Lead Independent Director
Mr Mervyn Goh Bin Guan	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;

STATEMENT OF CORPORATE GOVERNANCE

(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.

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 and approved by the Board. No member of the RC was involved in deciding his or her own remuneration.

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 RC and the management of the Company so the consultant is objective and independent. In setting remuneration packages, the Company takes into consideration 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.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be 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, companies should avoid paying more than is necessary for this purpose.

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. 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. 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 Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure for management personnel, executives and other staff would continue to be adequate in incentivising performance without being over-excessive.

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 endorsed the RC's recommendations.

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.

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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 the fee structure for Independent Directors as being reflective of their responsibilities and work commitments and recommends the Directors' fee for the financial year ended December 31, 2018 in accordance with the fee structure subject to shareholders' approval at the Company's AGM. The RC considers that the current fee structure adequately compensates the non-executive Independent directors, without over-compensating them as to compromise their independence.

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 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of Directors and the CEO

The remuneration paid to or accrued to each individual Director and the CEO for FY2018 is as follows:

Remuneration Bands	Fee %	Fixed Remuneration %	Performance related Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
$500,001 to $750,000					
Mr Liong Kiam Teck	–	95.5	–	4.5	100
$250,001 to $500,000					
Mr Neo Tiam Poon @ Neo Thiam Poon	–	92.9	–	7.1	100
Mr Neo Tiam Boon	–	93.7	–	6.3	100
Mr Neo Thiam An	–	93.0	–	7.0	100
Up to $250,000					
Mr Fong Heng Boo	100	–	–	–	100
Mr Lim Hock Beng[1]	100	–	–	–	100
Mr Lee Ah Fong	100	–	–	–	100
Mr Mervyn Goh Bin Guan	100	–	–	–	100
Mr Pang Teng Tuan	100	–	–	–	100

1 Mr Lim Hock Beng retired on April 27, 2018.

STATEMENT OF CORPORATE GOVERNANCE

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 and the CEO.

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 FY2018 is as follows:

Remuneration Bands	**Fixed Remuneration %**	**Performance Related Variable Remuneration %**	**Allowances and Other Benefits-in-kind %**	**Total Compensation %**
$250,001 to $500,000				
First Executive	77.4	16.3	6.3	100
Second Executive	82.6	10.5	6.9	100
Up to $250,000				
Third Executive	78.3	9.1	12.6	100
Fourth Executive	65.8	14.7	19.5	100
Fifth Executive	75.8	9.7	14.5	100

Due to highly competitive conditions in the local and foreign market place in which the Group operates in and the sensitive nature of such information, the Board believes that full detailed disclosure of each key executive as recommended by the Code would be prejudicial to the Group's interest and impedes its ability to retain and grow its talent pool in an industry with many competitors.

For the financial year ended December 31, 2018, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five key management personnel was $1,281,479.

Immediate Family Members of Directors or the CEO

Saved as disclosed in the following table, there is no other employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds $50,000 for FY2018.

Remuneration Bands	**Relationship to Directors or the CEO**
$150,001 to $200,000	
Nelson Neo Tiam Chuan	Brother of Mr Liong Kiam Teck, Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon, and Mr Neo Thiam An
Liong Cailin, Wendy	Daughter of Mr Liong Kiam Teck, and niece of Mr Neo Tiam Poon, @ Neo Thiam Poon, Mr Neo Tiam Boon and Mr Neo Thiam An
$100,001 to $150,000	
Liong Chai Yin, Fiona	Daughter of Mr Liong Kiam Teck and niece of Mr Neo Tiam Poon, @ Neo Thiam Poon, Mr Neo Tiam Boon and Mr Neo Thiam An
Neo Kian Lee	Brother of Mr Liong Kiam Teck, Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon, and Mr Neo Thiam An
$50,000 to $100,000	
Neo Bing Hao, Colin	Son of Mr Neo Tiam Poon@ Neo Thiam Poon and nephew of Mr Liong Kiam Teck, Mr Neo Tiam Boon and Mr Neo Thiam An

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ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNET and then the Company's website at www.tiongaik.com.sg.

The Board is accountable to the shareholders and is committed to ensure compliance 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 Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the CFO in her capacity as an Executive Officer.

The Board ensures timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price 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 and full disclosure of material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

Management provides all members of the Board with management accounts and such explanation and information on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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, through the assistance of internal and external auditors, 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 of senior management personnel, including the CEO, CFO, Assistant General Manager (Business Development) 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. To ensure

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that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide reasonable assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that the internal controls and controls over the key risks of the Group are adequate and effective.

For the financial year ended December 31, 2018, the Board has received assurance from the CEO and CFO 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.

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 and CFO, the Board, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks and risk management systems were adequate and effective for the year ended December 31, 2018. 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 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

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

Mr Fong Heng Boo	Chairman	Lead Independent Director
Mr Lee Ah Fong	Member	Independent Director
Mr Mervyn Goh Bin Guan	Member	Independent Director

The Chairman of the AC, Mr Fong Heng Boo, has over 45 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. All the AC members are kept up to date with 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 as follows:

(a) To review the financial statements of the Company and the Group 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 audit plan of the external auditors and its report including key audit matters included in the Auditors' Report with the external auditors;

(d) To review the adequacy and effectiveness of the internal audit functions;

(e) 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;

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

(g) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The AC reviewed the key audit matters ("KAMs") for FY2018. In assessing the KAMs, the AC took into consideration 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 external auditor's report for FY2018 in pages 35 to 39 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.

The Company confirms compliance with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in engaging Deloitte & Touche LLP ("DT") as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority ("ACRA"). DT are the external auditors of the Company and of its significant Singapore subsidiaries and most of the significant associated companies. The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to $12,000 or 4.2% of the audit fee which was below 10% of the total fees for audit and non-audit services. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended that DT be nominated for re-appointment as auditors at the forthcoming AGM.

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.

The Company will treat all information received confidentially and protect the identity and the interest of all whistle blowers. Following investigation and evaluation of a complaint, the Executive Chairman will decide whether the matter need to be referred to the relevant authorities. 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.

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

INTERNAL AUDIT

Principle 13: The Company should establish an internal effective audit function that is adequately resourced and independent of the activities it audits.

The Company has engaged EisnerAmper PAC (formally known as Saw Meng Tee & Partners 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. EisnerAmper PAC 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.

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SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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 Extraordinary General Meetings ("EGM"); and

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

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairman of each Board Committee as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

Shareholders are encouraged to attend the AGMs/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/EGM will be advertised in newspapers and announced on SGXNET.

At the annual general meeting, shareholders are given the opportunities to express their views and ask the Board and management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

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.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 45 days from the end of each quarter and within 60 days from the financial year end.

Price 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 Manual of the SGX-ST.

The details of dividend payment to shareholders 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.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group supports and encourages active shareholders participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them.

In compliance with Rule 730A(2) of the Listing Manual 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(s) at the general meeting. This will allow greater transparency and more equitable participation by shareholders.

Voting in absentia by remote means which are currently not permitted until legislative changes are effected to recognise remote voting. However, the Company's constitution allows for appointment of proxies as set out in Guideline 14 above which allows a member to vote in absentia through his proxy.

The Board supports the 2012 Code's principle 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 notice of general meetings of shareholders is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. 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.

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. 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.

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Details of IPT for the year ended December 31, 2018 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ($'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) ($'000)
Prestige Resources Pte Ltd	303	N.A.
Tac Alliance Pte. Ltd.	233	N.A.
Sinatac Group Pte Ltd	3,380	N.A.
Matsushita Greatwell Corporation Private Limited	518	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.

Under this Internal Compliance Code, all Directors and employees of the Group are prohibited from dealing in the Company's securities two weeks before the release of the quarterly results or one month before the release of the full year results to the SGX-ST, as the case may be. 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 know of and a new director or senior management staff will be 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.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, 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 40 to 124 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, 2018, 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 at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Liong Kiam Teck
Neo Tiam Poon @ Neo Thiam Poon
Neo Tiam Boon
Neo Thiam An
Fong Heng Boo
Lee Ah Fong
Mervyn Goh Bin Guan
Pang Teng Tuan (Appointed on December 3, 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 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, except as follows:

Name of directors and companies in which interests are held	**Shareholdings/ Debentures registered in name of director**		**Shareholdings/ Debentures in which 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 (Ordinary shares)				
Liong Kiam Teck	166,249,505	174,166,149	20,000	20,953
Neo Tiam Poon @ Neo Thiam Poon	79,799,763	83,599,752	–	–
Neo Tiam Boon	83,863,640	87,857,147	–	–
Neo Thiam An	39,530,438	41,412,840	–	–

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of directors and companies in which interests are held	Shareholdings/ Debentures registered in name of director		Shareholdings/ Debentures in which 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)				
Liong Kiam Teck	39,893,204	39,893,204	38,000	38,000
Neo Tiam Poon @ Neo Thiam Poon	19,148,738	19,148,738	–	–
Neo Tiam Boon	20,123,905	20,123,905	–	–
Neo Thiam An	9,485,717	9,485,717	–	–
The Company ($40 million 5.50% medium term notes due in March 2018)				
Liong Kiam Teck	1,000,000	–	–	–
Neo Tiam Poon @ Neo Thiam Poon	250,000	–	–	–
Neo Tiam Boon	1,000,000	–	500,000	–
Neo Thiam An	–	–	250,000	–
Mervyn Goh Bin Guan	–	–	250,000	–
The Company ($27 million 6.00% medium term notes due in July 2021)				
Liong Kiam Teck	–	2,000,000	–	–
Neo Tiam Poon @ Neo Thiam Poon	–	750,000	–	–
Neo Tiam Boon	–	2,500,000	–	250,000
Neo Thiam An	–	–	–	250,000
Mervyn Goh Bin Guan	–	–	–	500,000

By virtue of Section 7 of the Singapore Companies Act, 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, 2019 were the same as at December 31, 2018.

DIRECTORS' STATEMENT

4 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.

5 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 Lee Ah Fong and Mervyn Goh Bin Guan.

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 quarterly 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 the independence of the external auditors 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 review and discuss with investigators, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response thereto; 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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

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 external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as the external auditors of the Company at its forthcoming Annual General Meeting.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Liong Kiam Teck

Neo Tiam Boon

April 1, 2019

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, 2018, 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 40 to 124.

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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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.

INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters	Our audit performed and responses thereon
Assessment of contingent liabilities for joint and several corporate guarantees given for bank loans of an associate and a joint venture performed in conjunction with assessment of recoverability of debt owing by the joint venture to the Group (Refer to Notes 3.2.4 and 3.2.5 to the financial statements.) As at December 31, 2018, the Company and a joint guarantor have given joint and several corporate guarantees to a bank for loans to an associate and a joint venture. The joint guarantor has equity interests in both the associate and joint venture. The Group has fully impaired its equity investment in, as well as receivables from, the associate. The Group has not impaired receivables of $24.2 million from the joint venture as it is the expectation that the 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 as and when required. Management's estimates of future sales proceeds were based on valuation by an external professional valuer of the properties which have yet to be sold to third parties (the "Development").	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; and • Considered the appropriateness of the valuation methodology and the 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.

Key Audit Matters	Our audit performed and responses thereon
Valuation of development properties **(Refer to Note 11 to the financial statements.)** The Group's development properties totalling $233.1 million comprise both completed and uncompleted properties. These properties are stated at the lower of cost and 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. Management estimated net realisable value by using recent transacted prices within the same development property or comparable properties or obtained professional valuation. Total development costs and associated selling expenses are projected for each of these properties and compared with the estimated net realisable values to estimate the provision for foreseeable losses.	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. 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 foreseeable losses. We considered the adequacy of disclosures to be appropriate in describing the allowance for foreseeable losses made for development properties held for sale.
Valuation of investment properties **(Refer to Note 13 to the financial statements.)** The Group's investment properties comprise a dormitory, various units in 2 commercial properties, an industrial property and 3 residential units. These investment properties are stated at their fair values based on independent external valuations. The valuation involves significant judgement in determining the appropriate valuation methods; the adjustments made to prices per square metre of comparable properties to account for different attributes such as age, size and lease period; the appropriate capitalisation rates for capitalising the projected annual income net of expenses and the terminal capitalisation rate.	We performed the following: • Evaluated the qualifications, independence and objectivity of the valuer; • Considered the scope of their work; and • Considered the appropriateness of the valuation methodology and the assumptions and values used in parameters which affect the fair value estimates. We also considered the adequacy of the disclosures in the financial statements, about the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values, in conveying the inherent degree of subjectivity in valuations.

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.

(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 Cheung Pui Yuen.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 1, 2019

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

		Group			Company		
	Note	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
ASSETS							
Current assets							
Cash and bank balances	6	**41,213**	84,660	91,538	**3,565**	7,600	13,779
Trade and other receivables	7	**38,220**	60,404	53,301	**23,342**	26,579	6,022
Deposits and prepayments	8	**4,551**	2,630	4,036	**8**	7	15
Inventories	9	**7,040**	5,576	7,593	**–**	–	–
Contract assets	10	**26,908**	31,090	33,161	**–**	–	–
Development properties	11	**233,061**	186,313	182,471	**–**	–	–
Total current assets		**350,993**	370,673	372,100	**26,915**	34,186	19,816
Non-current assets							
Property, plant and equipment	12	**55,462**	55,678	48,879	**–**	–	–
Investment properties	13	**235,943**	236,375	253,385	**–**	–	–
Goodwill	14	**2,595**	2,595	2,595	**–**	–	–
Subsidiaries	15	**–**	–	–	**91,965**	91,965	116,965
Associates and joint ventures	16	**16,838**	16,199	14,619	**–**	–	–
Other non-current assets	17	**396**	401	296	**–**	–	–
Trade and other receivables	7	**47,104**	28,357	25,139	**102,129**	102,504	85,652
Derivative financial instrument	18	**–**	4	91	**–**	–	–
Total non-current assets		**358,338**	339,609	345,004	**194,094**	194,469	202,617
Total assets		**709,331**	710,282	717,104	**221,009**	228,655	222,433

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

	Note	Group			Company		
		December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
LIABILITIES AND EQUITY							
Current liabilities							
Borrowings	20	**132,860**	161,224	131,184	**20,000**	5,000	5,000
Trade and other payables	21	**83,007**	85,356	79,453	**16,924**	5,757	902
Current portion of finance leases	23	**316**	405	343	**–**	–	–
Term notes	24	**–**	39,957	–	**–**	39,957	–
Contract liabilities	22	**46,189**	31,663	19,963	**–**	–	–
Income tax payable		**314**	1,470	1,519	**–**	–	–
Total current liabilities		**262,686**	320,075	232,462	**36,924**	50,714	5,902
Non-current liabilities							
Borrowings	20	**212,765**	171,289	193,660	**–**	20,000	25,000
Trade and other payables	21	**40,834**	37,174	38,849	**–**	–	–
Finance leases	23	**307**	523	472	**–**	–	–
Term notes	24	**26,884**	–	39,778	**26,884**	–	39,778
Deferred tax liabilities	19	**280**	266	315	**–**	–	–
Total non-current liabilities		**281,070**	209,252	273,074	**26,884**	20,000	64,778
Capital, reserves and non-controlling interest							
Share capital	25	**154,189**	150,391	146,157	**154,189**	150,391	146,157
Reserves	26	**675**	675	644	**31**	31	–
Translation reserves		**(770)**	467	2,179	**–**	–	–
Retained earnings		**18,289**	38,208	61,965	**2,981**	7,519	5,596
Equity attributable to owners of the Company		**172,383**	189,741	210,945	**157,201**	157,941	151,753
Non-controlling interests		**(6,808)**	(8,786)	623	**–**	–	–
Total equity		**165,575**	180,955	211,568	**157,201**	157,941	151,753
Total liabilities and equity		**709,331**	710,282	717,104	**221,009**	228,655	222,433

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2018

	Note	Group 2018 $'000	2017 $'000
Revenue	27	**134,800**	218,746
Cost of sales		**(105,673)**	(179,182)
Gross profit		**29,127**	39,564
Other income	28	**3,319**	5,025
Selling and distribution costs		**(1,464)**	(1,890)
General and administrative expenses		**(20,392)**	(18,120)
Other operating expenses	29	**(11,995)**	(39,630)
Share of profit of associates and joint ventures		**440**	17
Finance costs	30	**(12,946)**	(11,603)
Loss before income tax		**(13,911)**	(26,637)
Income tax credit (expense)	31	**833**	(638)
Loss for the year	32	**(13,078)**	(27,275)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(1,039)**	(1,876)
Share of other comprehensive loss of associates and joint ventures		**(174)**	(526)
		(1,213)	(2,402)
Total comprehensive loss for the year		**(14,291)**	(29,677)
(Loss) Profit attributable to:			
Owners of the Company		**(14,919)**	(18,934)
Non-controlling interests		**1,841**	(8,341)
		(13,078)	(27,275)
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(16,156)**	(20,646)
Non-controlling interests		**1,865**	(9,031)
		(14,291)	(29,677)
Loss per share (cents):			
Basic and diluted	33	**(2.9)**	(3.8)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Note	Share capital $'000	Reserves $'000	Translation reserves $'000	Retained earnings $'000	Equity attributable to owner of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2017		146,157	644	2,179	61,965	210,945	623	211,568
Total comprehensive loss for the year								
Loss for the year		–	–	–	(18,934)	(18,934)	(8,341)	(27,275)
Other comprehensive loss for the year		–	–	(1,712)	–	(1,712)	(690)	(2,402)
Total		–	–	(1,712)	(18,934)	(20,646)	(9,031)	(29,677)
Transactions with owners, recognised directly in equity								
Effect of liquidation of a subsidiary to non-controlling interest		–	–	–	–	–	(307)	(307)
Issue of warrants		–	362	–	–	362	–	362
Warrants issue expenses		–	(331)	–	–	(331)	–	(331)
Issue of shares pursuant to Scrip Dividend Scheme	25	4,234	–	–	–	4,234	–	4,234
Dividends paid	35							
– in cash		–	–	–	(589)	(589)	–	(589)
– in scrip		–	–	–	(4,234)	(4,234)	–	(4,234)
Dividends paid to non-controlling shareholders		–	–	–	–	–	(71)	(71)
Total		4,234	31	–	(4,823)	(558)	(378)	(936)
Balance at December 31, 2017		150,391	675	467	38,208	189,741	(8,786)	180,955

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Note	Share capital $'000	Reserves $'000	Translation reserves $'000	Retained earnings $'000	Equity attributable to owner of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2018		150,391	675	467	38,208	189,741	(8,786)	180,955
Total comprehensive (loss) income for the year								
(Loss) Profit for the year		–	–	–	(14,919)	(14,919)	1,841	(13,078)
Other comprehensive (loss) income for the year		–	–	(1,237)	–	(1,237)	24	(1,213)
Total		–	–	(1,237)	(14,919)	(16,156)	1,865	(14,291)
Transactions with owners, recognised directly in equity								
Proceeds from issues of shares to non-controlling shareholders		–	–	–	–	–	200	200
Issue of shares pursuant to Scrip Dividend Scheme	25	3,798	–	–	–	3,798	–	3,798
Dividends paid	35							
– in cash		–	–	–	(1,202)	(1,202)	–	(1,202)
– in scrip		–	–	–	(3,798)	(3,798)	–	(3,798)
Dividends paid to non-controlling shareholders		–	–	–	–	–	(87)	(87)
Total		3,798	–	–	(5,000)	(1,202)	113	(1,089)
Balance at December 31, 2018		**154,189**	**675**	**(770)**	**18,289**	**172,383**	**(6,808)**	**165,575**

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Note	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Company					
Balance at January 1, 2017		146,157	–	5,596	151,753
Total comprehensive income for the year					
Profit for the year, representing total comprehensive income for the year		–	–	6,746	6,746
Transactions with owners, recognised directly in equity					
Issue of warrants		–	362	–	362
Warrants issue expenses		–	(331)	–	(331)
Issue of shares pursuant to Scrip Dividend Scheme	25	4,234	–	–	4,234
Dividends paid	35				
– in cash		–	–	(589)	(589)
– in scrip		–	–	(4,234)	(4,234)
Total		4,234	31	(4,823)	(558)
Balance at December 31, 2017		150,391	31	7,519	157,941
Total comprehensive income for the year					
Profit for the year, representing total comprehensive income for the year		–	–	462	462
Transactions with owners, recognised directly in equity					
Issue of shares pursuant to Scrip Dividend Scheme	25	3,798	–	–	3,798
Dividends paid	35				
– in cash		–	–	(1,202)	(1,202)
– in scrip		–	–	(3,798)	(3,798)
Total		3,798	–	(5,000)	(1,202)
Balance at December 31, 2018		**154,189**	**31**	**2,981**	**157,201**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018	2017
	$'000	$'000
Operating activities		
Loss before income tax	**(13,911)**	(26,637)
Adjustments for:		
Depreciation expense	**6,328**	4,751
Share of profit of associates and joint ventures	**(440)**	(17)
Impairment loss on development properties	**566**	234
Impairment loss (Reversal of impairment loss) on other non-current assets	**5**	(105)
Fair value change in financial derivative instrument	**4**	87
Loss in fair value of investment properties	**432**	25,810
Gain on disposal of property, plant and equipment	**(64)**	(27)
Property, plant and equipment written off	**6**	42
Finance costs	**12,946**	10,486
Deemed interest expense on retention amounts	**–**	1,117
Interest income	**(1,176)**	(1,050)
Deemed interest income on retention amounts	**(91)**	(1,147)
Impairment loss recognised on financial assets	**1,660**	4,443
Operating cash flows before movements in working capital	**6,265**	17,987
Trade and other receivables	**19,534**	(10,966)
Deposits and prepayments	**(1,921)**	1,406
Inventories	**(1,464)**	2,017
Contract assets	**4,182**	2,071
Development properties	**(43,401)**	16
Trade and other payables	**(8,199)**	5,375
Contract liabilities	**12,570**	10,716
Cash (used in) generated from operations	**(12,434)**	28,622
Income tax paid	**(308)**	(735)
Interest paid	**(14,904)**	(13,596)
Net cash (used in) from operating activities	**(27,646)**	14,291

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018	2017
	$'000	$'000
Investing activities		
Interest received	**1,176**	1,050
Purchase of property, plant and equipment [Note 12 (b)]	**(6,455)**	(11,247)
Proceeds from disposal of property, plant and equipment	**189**	121
Addition to investment properties	**–**	(8,800)
Advances to associates and joint ventures	**(18,887)**	(6,798)
Additional investment in associates and joint ventures	**(600)**	(2,100)
Dividends received from joint ventures	**227**	12
Net cash used in investing activities	**(24,350)**	(27,762)
Financing activities		
Advance from an associate	**9,600**	–
Proceeds from borrowings	**121,619**	55,543
Proceeds from warrants issued, net	**–**	31
Proceeds from term notes	**27,000**	–
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	**200**	–
Repayment of term notes	**(40,000)**	–
Repayment of borrowings	**(108,581)**	(47,695)
Repayment of obligations under finance leases	**(493)**	(437)
Pledged fixed deposits	**(1,864)**	(1,140)
Distribution of funds to non-controlling shareholder on voluntary liquidation of a subsidiary	**–**	(307)
Dividends paid to non-controlling shareholders	**(87)**	(71)
Dividends paid	**(1,202)**	(589)
Net cash from financing activities	**6,192**	5,335
Decrease in cash and cash equivalents	**(45,804)**	(8,136)
Cash and cash equivalents at beginning of the year	**79,092**	87,110
Effect of exchange rate changes	**493**	118
Cash and cash equivalents at end of the year	**33,781**	79,092

Cash and cash equivalents at end of the year comprise the following:

Cash and bank balances (Note 6)	**31,816**	62,896
Fixed deposits (Note 6)	**9,397**	21,764
	41,213	84,660
Less: Pledged fixed deposits (Note 6)	**(7,432)**	(5,568)
Cash and cash equivalents at end of the year	**33,781**	79,092

See accompanying notes to financial statements.

NOTES TO
FINANCIAL STATEMENTS
December 31, 2018

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 15 and 16 respectively.

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, 2018 were authorised for issue by the Board of Directors on April 1, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 38.

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 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) 1-17 *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on January 1, 2018. Accordingly, the requirements of FRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended December 31, 2017. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at January 1, 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative periods to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative periods.

NOTES TO
FINANCIAL STATEMENTS
December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets – before January 1, 2018

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts to present value, the estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets, other than those of fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Financial assets – from January 1, 2018

All financial assets are recognised and de-recognised on a trade date 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.

NOTES TO
FINANCIAL STATEMENTS
December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 aforegoing, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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).

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;

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

NOTES TO
FINANCIAL STATEMENTS
December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

The Group had entered into interest rate cap contract (a derivative financial instrument). Further details of derivative financial instruments are disclosed in Note 18 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a reduction of rental expense on a straight-line basis.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

INVESTMENT PROPERTY – Investment property, which is property 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.

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

OTHER NON-CURRENT ASSETS – Club memberships are stated at cost less any impairment loss.

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.

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) 9 *Financial Instruments* 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 *Impairment of Assets* 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS – 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Revenue from construction contracts

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 ("ACMV") systems

The Group is involved in ACMV systems 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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, 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.

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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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 is the critical judgement, 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 Sale of development properties

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 Construction contracts and development properties

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.

For development properties whereby revenue is recognised over time, the percentage of completion is measured by reference to the construction and other related costs (excluding land cost) incurred to date as a proportion of the estimated total construction and other related costs (excluding land cost) to be incurred.

Significant assumptions and judgements are involved in estimating costs to completion for both construction contracts and development of properties; 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 or development property.

Management similarly 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.

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

3.2 Key sources of estimation uncertainty (Continued)

3.2.1 Construction contracts and development properties (Continued)

Management reviews the net realisable values of development properties whenever there is indication that the estimated potential sales proceeds less cost to sell, may be lower than the total expected development cost. The estimated selling prices are based on 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. Provision is made for incremental cost relating to these conditions and are charged to the statement of profit or loss (included in cost of sales).

The above judgements and estimates affect the amount of revenue recognised (Note 27), the cost included in cost of sales; the recognised profits included; and development properties (Note 11). 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 Fair value of investment properties

Investment properties (Note 13) are stated at fair value, as determined by independent valuers. The valuations take into consideration prices per square metre of comparable properties and adjustment for differences such as age, size and tenure. These estimated market values may differ from the prices at which the Group's assets can be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

The effects of changes in significant unobservable inputs to the valuations is as follow:

Significant unobservable inputs to the valuations	Effect of increase in unobservable inputs on valuations of investment properties
Adjusted price per square metre	Increased valuation
Projected revenue from property	Increased valuation
Projected cost to operate the property	Reduced valuation
Capitalisation rate	Reduced valuation

Conversely, a decrease in the variables above will have the opposite effect from that stated above, on the valuation of the property.

3.2.3 Recoverable amount of trade and other receivables

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 amount of trade and other receivables is disclosed in Note 7 to the financial statements.

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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

(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. The values have been estimated by management with the assistance of an independent valuer. The properties named "Singapore Garden" is a multi-phased mixed development in Dalian, PRC.

In 2018, management considered the market value of unsold units and undeveloped land. Investment in DSPDS remained fully impaired at December 31, 2018 based on management's assessment.

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of $26,542,000 (December 31, 2017: $26,047,000; January 1, 2017: $22,467,000) for impairment of receivables from DSPDS which represents all receivables from DSPDS as at December 31, 2018.

(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, 2018, non-current receivables of the Group include $24,206,000 (December 31, 2017: $20,918,000; January 1, 2017: $17,700,000) 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 RMB201.14 million (equivalent to $42.2 million). Rights of usage of basement and carparks and titles to property units bought by DBOP were only partially transferred as some of these property units were still under development at December 31, 2017.

In August 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. In September 2018, a cancellation agreement was entered into between both parties whereby DSPDC had to refund RMB148,414,985 (approximately $29.4 million) due to DBOP and as at December 31, 2018, DBOP has receivables amounting to RMB45.7 million (equivalent to $9.1 million) from DSPDC relating to the refund. This receivable is determined to be fully recoverable. Management has evaluated and concluded that the cancellation of the SPAs has no material impact to the financial statements of the Group.

After considering the financial position of SZI group and the valuation of the properties in the Development at December 31, 2018 by an independent valuer, management expects the amount of $24,206,000 (December 31, 2017: $20,918,000; January 1, 2017: $17,700,000) to be recoverable from SZI.

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

3.2 Key sources of estimation uncertainty (Continued)

3.2.5 Assessment of contingent liabilities for corporate guarantees given in connection with bank loans of DSPDS and SZI (entities described in Note 3.2.4)

(i) 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. At December 31, 2018, the outstanding bank loan of DSPDS was $14.4 million (December 31, 2017: $17.3 million; January 1, 2017: $20.2 million).

(ii) The Company and the Joint Guarantor provided joint and several corporate guarantees to a bank for loan taken by SZI to fund part of the acquisition of properties from DSPDC (Note 3.2.4 (b)). At December 31, 2018, the outstanding bank loan of SZI was $9.8 million (December 31, 2017: $14.4 million; January 1, 2017: $18.8 million).

The outstanding bank loans of DSPDS and SZI which are covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to $24.2 million at December 31, 2018 (December 31, 2017: $31.7 million, January 1, 2017: $39.0 million).

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, 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, 2018.

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 referred to in paragraph (i) above.

Management also projects that future sales proceeds from units purchased by SZI from DSPDC will be sufficient for SZI to repay the bank loan referred to in paragraph (ii) above.

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

Based on the above assessment, management has made the judgement that (a) as of December 31, 2018, no provision for loss needs to be made in connection with the bank guarantees (December 31, 2017: $Nil; January 1, 2017: $Nil); and (b) with the full impairment since 2015 of the Group's investment in and advances given to DSPDS, the Group discontinues recognition of any share of losses of DSPDS group consistent with the preceding financial years.

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.

3.2.6 Useful life of property, plant and equipment

As described in Note 2, the management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. These estimates have been made based on past experience relating to useful lives of equipment and are also subject to assumptions about future deployment of assets.

The carrying amount of property, plant and equipment is disclosed in Note 12 to the financial statements.

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		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Financial assets						
Derivative financial instrument	**–**	4	91	**–**	–	–
Financial assets at amortised cost	**128,360**	174,862	171,709	**129,036**	136,683	105,455
Financial liabilities						
Financial liabilities at amortised cost	**496,973**	495,928	483,739	**63,808**	70,714	70,680

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

(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 is minimal as the Group transacts primarily in Singapore dollars. 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.

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 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. The Group had entered into a financial derivative contract (Note 18) to cap interest rates on borrowings previously.

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, 2018 would have increased/decreased by $112,000 (2017: increased/decreased by $331,000); and the Group's loss before tax for the financial year ended December 31, 2018 would have increased/decreased by $1,585,000 (2017: increased/decreased by $1,367,000).

(iii) 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.

As at December 31, 2018, 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 below, 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.

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

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

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

The tables below detail the credit quality of the Group's and Company's financial 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
December 31, 2018						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**28,715**	**(4,132)**	**24,583**
Other receivables	7	(ii)	12-month ECL	**60,675**	**–**	**60,675**
Other receivables	7	(iii)	Lifetime ECL – credit impaired	**27,079**	**(27,079)**	**–**
Contract assets	10	(i)	Lifetime ECL (simplified approach)	**26,908**	**–**	**26,908**
				143,377	**(31,211)**	**112,166**

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
December 31, 2018						
Other receivables	7	(ii)	12-month ECL	**125,471**	**–**	**125,471**

(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)

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

Previous accounting policy for impairment of financial assets

Prior to January 1, 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Further details are disclosed in Note 7.

(iv) 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 and derivative financial instruments is limited because the counterparties are banks with good credit-ratings.

The Group's exposure to credit risk on receivables arising from the sale of condominium units under development in Singapore is not considered significant as payments are arranged through loans taken by customers with financial institutions. In the absence of such arrangement the Group has recourse to the physical asset if the buyer defaults in payment.

The Group carries out construction work mainly for the private sector. 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, 2018, the maximum aggregate amount the Group can be liable under all the guarantees in Notes 36 (a) and (b) are approximately $30.4 million (December 31, 2017: $39.7 million; January 1, 2017: $51.4 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 20.

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

NOTES TO
FINANCIAL STATEMENTS
December 31, 2018

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

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

(v) Liquidity risk management

Management projects the cash flows of the Group and takes actions to arrange for financing to mitigate the risk of mismatch of cash inflows and outflows.

Liquidity risk analysis

Non-derivative financial liabilities

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
Financial liabilities						
Group						
December 31, 2018						
Non-interest bearing	**–**	**85,369**	**–**	**–**	**–**	**85,369**
Finance leases (fixed rate)	**6.1**	**350**	**349**	**–**	**(76)**	**623**
Fixed interest rate instruments	**6.0**	**–**	**31,043**	**–**	**(4,159)**	**26,884**
Variable interest rate instruments	**3.1**	**175,349**	**150,354**	**69,574**	**(11,180)**	**384,097**
		261,068	**181,746**	**69,574**	**(15,415)**	**496,973**
December 31, 2017						
Non-interest bearing	–	86,219	–	–	–	86,219
Finance leases (fixed rate)	4.5	444	581	–	(97)	928
Fixed interest rate instruments	5.5	40,481	–	–	(524)	39,957
Variable interest rate instruments	2.8	202,796	90,433	85,755	(10,160)	368,824
		329,940	91,014	85,755	(10,781)	495,928
January 1, 2017						
Non-interest bearing	–	80,896	–	–	–	80,896
Finance leases (fixed rate)	3.9	387	509	–	(81)	815
Fixed interest rate instruments	5.5	–	42,502	–	(2,724)	39,778
Variable interest rate instruments	2.8	173,298	108,132	90,950	(10,130)	362,250
		254,581	151,143	90,950	(12,935)	483,739

NOTES TO FINANCIAL STATEMENTS
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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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

(v) Liquidity risk management (Continued)

	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
Company						
December 31, 2018						
Non-interest bearing	**–**	**1,374**	**–**	**–**	**–**	**1,374**
Fixed interest rate instruments	**4.7**	**15,939**	**31,043**	**–**	**(4,548)**	**42,434**
Variable interest rate instruments	**4.6**	**20,460**	**–**	**–**	**(460)**	**20,000**
		37,773	**31,043**	**–**	**(5,008)**	**63,808**
December 31, 2017						
Non-interest bearing	–	5,757	–	–	–	5,757
Fixed interest rate instruments	5.5	40,481	–	–	(524)	39,957
Variable interest rate instruments	3.8	5,190	21,140	–	(1,330)	25,000
		51,428	21,140	–	(1,854)	70,714
January 1, 2017						
Non-interest bearing	–	902	–	–	–	902
Fixed interest rate instruments	5.5	–	42,502	–	(2,724)	39,778
Variable interest rate instruments	3.4	5,170	27,040	–	(2,210)	30,000
		6,072	69,542	–	(4,934)	70,680

NOTES TO FINANCIAL STATEMENTS
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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

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

(v) Liquidity risk management (Continued)

Non-derivative financial assets

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
Financial assets						
Group						
December 31, 2018						
Non-interest bearing	**–**	**74,361**	**–**	**–**	**–**	**74,361**
Fixed interest rate instruments	**1.2**	**9,436**	**–**	**–**	**(39)**	**9,397**
Variable interest rate instruments	**2.5**	**45,728**	**–**	**–**	**(1,126)**	**44,602**
		129,525	**–**	**–**	**(1,165)**	**128,360**
December 31, 2017						
Non-interest bearing	–	123,871	–	–	–	123,871
Fixed interest rate instruments	0.9	21,794	–	–	(30)	21,764
Variable interest rate instruments	3.1	30,125	–	–	(898)	29,227
		175,790	–	–	(928)	174,862
January 1, 2017						
Non-interest bearing	–	136,173	–	–	–	136,173
Fixed interest rate instruments	0.7	18,560	–	–	(19)	18,541
Variable interest rate instruments	2.5	17,420	–	–	(425)	16,995
		172,153	–	–	(444)	171,709

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

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

(v) Liquidity risk management (Continued)

Non-derivative financial assets (Continued)

	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
Company						
December 31, 2018						
Non-interest bearing	**–**	**22,121**	**–**	**–**	**–**	**22,121**
Fixed interest rate instruments	**1.6**	**2,032**	**–**	**–**	**(32)**	**2,000**
Variable interest rate instruments	**3.6**	**108,644**	**–**	**–**	**(3,729)**	**104,915**
		132,797	**–**	**–**	**(3,761)**	**129,036**
December 31, 2017						
Non-interest bearing	–	49,404	–	–	–	49,404
Variable interest rate instruments	4.6	91,318	–	–	(4,039)	87,279
		140,722	–	–	(4,039)	136,683
January 1, 2017						
Non-interest bearing	–	31,890	–	–	–	31,890
Variable interest rate instruments	4.8	77,124	–	–	(3,559)	73,565
		109,014	–	–	(3,559)	105,455

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

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

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other 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.

The fair value of interest rate cap (Note 18) is classified as Level 2 of the fair value hierarchy as defined in Note 2 to the financial statements.

(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), finance leases (Note 23) and term notes (Note 24).

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. 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	
	2018	2017
	$'000	$'000
Income from associates		
Construction revenue	**913**	10
Accounting and administrative services	**72**	72

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

	Group	
	2018	2017
	$'000	$'000
Income from joint ventures		
Interest income	**1,004**	834
Income from/(Expenses charged by) companies in which certain directors have control		
Sales and service of air-conditioners	**35**	12
Maintenance income	**141**	8
Management fee income	**544**	543
Rental income	**74**	73
Worker management services	**(80)**	–
Medical fee expense	**(58)**	(75)
Miscellaneous expenses	**(129)**	(97)
Dormitory rental expense	**(161)**	(122)
Interest expense	**(227)**	–

Apart from the above, during the financial year ended December 31, 2018, the Group sold development properties under construction amounting to $3,380,000 to a company in which certain directors have control. No revenue has been recognised in respect of this sale as the revenue of these development properties is recognised at point in time.

	Group	
	2018	2017
	$'000	$'000
Directors		
Construction revenue	**–**	12
Subscription of medium term notes	**6,250**	–
Interest expense	**(208)**	(193)
Key management personnel		
Subscription of medium term notes	**250**	–
Interest expense	**(13)**	(28)

Compensation of directors and key management personnel

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

	Group	
	2018	2017
	$'000	$'000
Short-term benefits	**3,853**	2,944

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.

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December 31, 2018

6 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Cash at bank and in hand	**31,816**	62,896	72,997	**1,565**	7,600	13,779
Fixed deposits	**9,397**	21,764	18,541	**2,000**	–	–
	41,213	84,660	91,538	**3,565**	7,600	13,779
Less: Pledged fixed deposits	**(7,432)**	(5,568)	(4,428)	**–**	–	–
Cash and cash equivalents in the consolidated statement of cash flows	**33,781**	79,092	87,110	**3,565**	7,600	13,779

Fixed deposits earn interest ranging from 0.15% to 1.75% (December 31, 2017: 0.15% to 1.40%; January 1, 2017: 0.15% to 1.50%) per annum. Tenure for pledged fixed deposits range from 1 to 36 months (December 31, 2017: 6 to 36 months; January 1, 2017: 6 to 36 months). Tenure for the other fixed deposits range from 1 to 3 months (December 31, 2017: 1 to 3 months; January 1, 2017: 1 to 3 months). The pledged fixed deposits are used as security for trade facilities granted by banks to subsidiaries.

Included in the cash and bank balances of the Group is an amount of $2,981,000 (December 31, 2017: $7,124,000; January 1, 2017: $5,809,000) held under the Housing Developers (Project Account) Rules or terms set by the bank, withdrawals from which are restricted to payments for expenditure incurred on the respective development properties.

7 TRADE AND OTHER RECEIVABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Trade receivables from:						
Sale of goods and services	**9,774**	9,064	6,032	**–**	–	–
Property development customers	**4,452**	13,176	14,222	**–**	–	–
Construction contract customers	**10,979**	22,558	22,846	**–**	–	–
Associates (Note 5)	**57**	57	939	**–**	–	–
Joint ventures (Note 5)	**3,410**	2,492	1,244	**–**	–	–
Companies in which certain directors have control (Note 5)	**43**	17	23	**–**	–	–
Less: Loss allowance						
– Associates (Note 5)	**(57)**	(57)	(57)	**–**	–	–
– Third parties	**(4,075)**	(3,350)	(2,977)	**–**	–	–
	24,583	43,957	42,272	**–**	–	–

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Other receivables due from:						
Third parties	**3,326**	1,847	1,600	**35**	16	22
Associates (Note 5)	**51,552**	36,309	32,790	**–**	–	–
Joint ventures (Note 5)	**32,842**	32,480	24,013	**–**	563	–
Less: Loss allowance						
– Third parties	**(237)**	(97)	–	**–**	–	–
– Associates (Note 5)	**(26,842)**	(26,047)	(22,486)	**–**	–	–
Companies in which certain directors have control (Note 5)	**34**	231	147	**–**	–	–
Subsidiaries	**–**	–	–	**125,436**	128,504	91,652
	60,675	44,723	36,064	**125,471**	129,083	91,674
Staff loans	**66**	81	104	**–**	–	–
Total trade and other receivables	**85,324**	88,761	78,440	**125,471**	129,083	91,674
Current	**38,220**	60,404	53,301	**23,342**	26,579	6,022
Non-current	**47,104**	28,357	25,139	**102,129**	102,504	85,652
	85,324	88,761	78,440	**125,471**	129,083	91,674

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FINANCIAL STATEMENTS
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7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.1 Trade receivables

Credit periods generally range from 30 to 120 days (December 31, 2017: 30 to 120 days; January 1, 2017: 30 to 90 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.

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

December 31, 2018	Expected weighted credit loss rate %	Estimated total gross carrying amount at default $'000	Lifetime ECL $'000	Total $'000
Current (not past due)	*	6,956	–	6,956
1 to 90 days past due	*	5,085	–	5,085
91 to 180 days past due	*	2,696	–	2,696
181 to 360 days past due	1.2	3,233	(38)	3,195
More than 360 days past due	38.1	10,745	(4,094)	6,651
		28,715	(4,132)	24,583

* The weighted credit loss rate is assessed as negligible. Included in amount past due from 1 to 180 days is $2,205,000 from which deposits were received and included in "Trade and Other Payables" (Note 21).

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, 2018	3,407
Loss allowance recognised in profit or loss during the year	725
Balance as at December 31, 2018	**4,132**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.2 Other receivables

Interest is charged at 2.5% to 6.8% (December 31, 2017: 2.5% to 6.8%; January 1, 2017: 2.5% 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 credit risk 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, 2018	26,144
Loss allowance recognised in profit or loss during the year	935
Balance as at December 31, 2018	**27,079**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.2 Other receivables (Continued)

Previous accounting policy for impairment of trade and other receivables

Prior to January 1, 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The table below is an analysis of trade and other receivables:

	Group		Company	
	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Not past due and not impaired[(i)]	73,387	72,855	129,083	91,674
Past due but not impaired[(ii)]	15,374	5,585	–	–
Impaired receivables				
– individually assessed and past due more than 12 months	29,551	25,520	–	–
Less: Allowance for doubtful receivables	(29,551)	(25,520)	–	–
Total trade and other receivables, net	88,761	78,440	129,083	91,674

(i) There has not been a significant change in credit quality of trade receivables that are not past due and not impaired. The Group does not hold any collateral over these balances.

(ii) Aging of receivables that are past due but not impaired.

	Group		Company	
	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2017 $'000	January 1, 2017 $'000
< 3 months	11,083	3,810	–	–
3 months to 6 months	1,963	573	–	–
6 months to 12 months	1,302	334	–	–
> 12 months	1,026	868	–	–
	15,374	5,585	–	–

Movement in the allowance for impairment of doubtful trade and non-trade receivables:

	Group		Company	
	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Balance at beginning of the year	25,520	23,358	–	–
Amounts recovered during the year	(65)	(2,866)	–	–
Bad debts written off	(412)	(47)	–	–
Increase in allowance recognised in profit or loss during the year	4,508	5,075	–	–
Balance at end of the year	29,551	25,520	–	–

8 DEPOSITS AND PREPAYMENTS

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Deposits placed with third parties	**1,823**	1,441	1,731	**–**	–	2
Prepayments	**2,728**	1,189	2,305	**8**	7	13
	4,551	2,630	4,036	**8**	7	15

9 INVENTORIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Finished goods	**6,265**	5,166	7,236
Raw materials	**775**	410	357
	7,040	5,576	7,593

The cost of inventories recognised as an expense for the financial year amounted to $27,513,000 (2017: $26,167,000).

10 CONTRACT ASSETS

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Retention monies on contract work			
– Associates (Note 5)	**–**	2,878	3,079
– Third parties	**14,343**	18,076	23,701
Accrued income			
– Construction contract customers	**12,559**	10,136	6,381
– Others	**6**	–	–
	26,908	31,090	33,161

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance – related milestones. 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. For the purpose of determining present values of retention monies, the discount rate is 5% (December 31, 2017: 5%; January 1, 2017: 5%) per annum. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The changes in contract assets are due to retention receivables billed and transferred to trade receivables in current financial year.

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.

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FINANCIAL STATEMENTS
December 31, 2018

11 DEVELOPMENT PROPERTIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Completed properties held for sale	**123,653**	27,851	20,909
Properties under development:			
Unsold units	**104,606**	154,030	158,588
Contract costs			
– capitalised commission [Note (i)]	**4,802**	4,432	2,974
	109,408	158,462	161,562
	233,061	186,313	182,471

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 $233,061,000 (December 31, 2017: $171,087,000; January 1, 2017: $119,993,000).

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

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Property tax capitalised	**136**	265	503
Interest expense capitalised (Note 30)	**3,913**	4,092	4,599
Impairment loss (Reversal of impairment loss) on development properties	**566**	234	(1,012)

Note (i) Capitalised commission

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

	Group	
	2018 $'000	2017 $'000
Balance at beginning of year	**4,432**	2,974
Addition	**370**	1,458
Balance at end of year	**4,802**	4,432

11 DEVELOPMENT PROPERTIES (CONTINUED)

The weighted average rate of capitalisation of the interest expenses for the financial year ended December 31, 2018 is 1.8% (2017: 3.0%) per annum.

Particulars of the development properties as at December 31, 2018 are as follows:

Description	Location	Approximate saleable area (Sq. Metres)	Completed/ Estimated date of completion	Tenure	Site area (Sq. Metres)
Properties in Singapore					
Ascent @ 456 (Commercial)	456 Balestier Road	899*	Completed	Freehold	1,084
12 on Shan (Serviced Apartment)	12 Shan Road	5,310*	Completed	Freehold	2,058
Properties in Thailand					
De Iyara Grande (Commercial and residential)	Klong Luang District Pathum Thani, Thailand	1,874*	Completed	Freehold	16,000
iResidence (Serviced Apartment)	Klong Luang District Pathum Thani, Thailand	3,399*	Completed	Freehold	1,586
Commercial and residential	Khlong Sam District Pathum Thani, Thailand	48,335	July 2020**	Freehold	89,580
Property in Cambodia					
The Gateway (Commercial and residential)	Russian Boulevard, Phnom Penh, Cambodia	70,600	December 2019	Freehold	6,072

* Area of completed units yet to be sold.

** Estimated completion of Phase I, the remaining phases development plan have not been finalised.

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12 PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $'000	Leasehold properties $'000	Properties under construction $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost:						
At January 1, 2017	9,580	22,595	17,239	29,953	6,849	86,216
Additions	32	1,970	6,457	1,945	1,393	11,797
Exchange differences	49	(9)	–	(249)	(37)	(246)
Written off	–	–	–	(49)	–	(49)
Disposals	–	–	–	(154)	(510)	(664)
At December 31, 2017	9,661	24,556	23,696	31,446	7,695	97,054
Additions	–	1,338	1,609	3,088	607	6,642
Transfer from properties under construction	–	23,696	(23,696)	–	–	–
Exchange differences	(211)	(217)	–	(20)	(68)	(516)
Written off	–	–	–	(16)	–	(16)
Disposals	–	–	–	(11)	(535)	(546)
At December 31, 2018	**9,450**	**49,373**	**1,609**	**34,487**	**7,699**	**102,618**
Accumulated depreciation:						
At January 1, 2017	745	9,460	–	23,027	4,105	37,337
Depreciation	284	806	–	2,604	1,057	4,751
Exchange differences	4	(10)	–	(99)	(30)	(135)
Written off	–	–	–	(7)	–	(7)
Disposals	–	–	–	(144)	(426)	(570)
At December 31, 2017	1,033	10,256	–	25,381	4,706	41,376
Depreciation	266	2,223	–	2,788	1,051	6,328
Exchange differences	(14)	(42)	–	(19)	(42)	(117)
Written off	–	–	–	(10)	–	(10)
Disposals	–	–	–	(7)	(414)	(421)
At December 31, 2018	**1,285**	**12,437**	**–**	**28,133**	**5,301**	**47,156**
Carrying amount:						
At December 31, 2018	**8,165**	**36,936**	**1,609**	**6,354**	**2,398**	**55,462**
At December 31, 2017	8,628	14,300	23,696	6,065	2,989	55,678
At January 1, 2017	8,835	13,135	17,239	6,926	2,744	48,879

(a) The carrying amount of the Group's property, plant and equipment includes $1,233,000 (December 31, 2017: $1,594,000; January 1, 2017: $1,356,000) of assets held under finance leases (Note 23).

(b) During the year, the Group acquired property, plant and equipment with aggregate cost of $6,642,000 (2017: $11,797,000) of which $187,000 (2017: $550,000) were acquired through finance leases. Cash payments of $6,455,000 (2017: $11,247,000) were made to purchase property, plant and equipment.

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

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh #03-01, #03-02, #03-03, #03-04, #03-05 #03-07/08/09/10, #03-13 and #03-16 New World Centre Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	1,225
53 Sungei Kadut Loop Singapore 729502	Warehouse/dormitory	Leasehold (30 years from March 16, 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/dormitory	Leasehold (30 years from December 16, 1990)	6,168
Tuas South Street 11 Singapore	Warehouse	Leasehold (20 years and 10 months from October 21, 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.

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13 INVESTMENT PROPERTIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
At fair value			
Balance at beginning of the year	**236,375**	253,385	269,275
Addition during the year	**–**	8,800	1,835
Transfer to property, plant and equipment	**–**	–	(1,470)
Changes in fair value included in profit or loss	**(432)**	(25,810)	(16,255)
Balance at end of the year	**235,943**	236,375	253,385

Details of the investment properties are as follows:

Location	**Description**	**Title**	**Gross area (Sq. Metres)**
1 Jalan Berseh, #B1-02 to #B1-22, #01-03, #01-15, #01-16, #02-02 to #02-28, #03-11 to #03-12, #03-14 to #03-15 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	4,235
83 Sungei Kadut Drive Singapore 729566	Industrial	Leasehold (29 years from October 16, 1991)	4,701
1 Tuas South Street 12 Singapore 636946	Dormitory	Leasehold (20 years from July 7, 2014)	52,038
1 Leonie Hill Road, #28-01 Leonie Hill Residences, Singapore 239191	Residential	Freehold	260
586 Balestier Road #02-04 & #03-04, Singapore 329898	Residential	Freehold	260
150 Orchard Road, #02-19/20 Orchard Plaza, Singapore 238841	Commercial	Leasehold (99 years from June 2, 1977)	325

13 INVESTMENT PROPERTIES (CONTINUED)

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; and (ii) 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, 2018 and 2017 and January 1, 2017 are classified as Level 3 in the fair value hierarchy, as defined in Note 2 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	Residential	Industrial	Dormitory
Direct comparison method	Comparable price (Price per square metre)[1]	$10,000 to $26,200 (December 31, 2017: $9,700 to $32,000; January 1, 2017: $9,700 to $19,000)	$9,700 to $20,000 (December 31, 2017: $9,600 to $18,800; January 1, 2017: $10,000 to $18,700)	$166 (December 31, 2017: $255; January 1, 2017: $362)	Average of $3,300 (December 31, 2017: average of $3,300; January 1, 2017: average of $3,700)
Income capitalisation method	Capitalisation rate[2]	NA	NA	NA	7.5% (December 31, 2017: 7.25%; January 1, 2017: 7.25%)

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.

All 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 $19,618,000 (2017: $15,828,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to $4,073,000 (2017: $2,959,000).

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14 GOODWILL

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
At cost	**2,595**	2,595	2,595

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		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Cash-generating units			
Tiong Aik Resources (S) Pte Ltd and its subsidiary	**1,728**	1,728	1,728
Sino Tac Resources Pte Ltd	**835**	835	835
Others	**32**	32	32
	2,595	2,595	2,595

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

Tiong Aik Resources (S) Pte Ltd has been profit-generating for the past 2 years and management expects profits in future.

Management expects profits in future for Sino Tac Resources Pte Ltd and this is reflected in the budget for 2018. The recoverable amount of this cash generating unit is in excess of the carrying amount as at December 31, 2018, December 31, 2017 and January 1, 2017.

Goodwill of other CGUs are immaterial.

15 SUBSIDIARIES

	Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted equity shares at cost	**116,965**	116,965	116,965
Less: Allowance for impairment	**(25,000)**	(25,000)	–
	91,965	91,965	116,965

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, no additional impairment loss was recognised for the year ended December 31, 2018 (2017: $25 million).

15 SUBSIDIARIES (CONTINUED)

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 ownership interest and voting power held		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Aston Air Control Pte Ltd	Installation and contractor for servicing of air conditioning systems/ Singapore	**90**	90	90
Sino Holdings (S'pore) Pte Ltd	Investment holding/ Singapore	**100**	100	100
SinoTac Builder's (S) Pte Ltd	Building construction/ Singapore	**100**	100	100
Tiong Aik Construction Pte Ltd	Building construction/ Singapore	**100**	100	100
Tiong Aik Investments Pte Ltd	Real estate development/ Singapore	**100**	100	100
Sino Tac Resources Pte Ltd	Trading in lubricants/ Singapore	**100**	100	100
Held by Sino Holdings (S'pore) Pte Ltd				
TA Realty Pte. Ltd.	Real estate development/ Singapore	**100**	100	100
Nexus Point Investments Pte. Ltd.	Dormitory operator/ Singapore	**62**	62	62
Sireerin Signature Co., Ltd[(1)]	Real estate development/ Thailand	**70**	70	70
Invest (CR) Pte. Ltd.	Investment holding/ Singapore	**85**	85	85
Prime Industries Pre-cast Pte. Ltd.	Structural works, specialised construction and related activities/ Singapore	**100**	100	100

15 SUBSIDIARIES (CONTINUED)

Name of significant subsidiaries	Principal activities/ Country of incorporation and operations	Group's proportion of ownership interest and voting power held		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Pure Genesis Sdn. Bhd.[(2)]	Manufacturer in pre-cast, pre-stressed reinforced concrete products/ Malaysia	**100**	100	100
Que Holdings Pte. Ltd.	Trading in lubricants/ Singapore	**51**	51	51
Held by Invest (CR) Pte. Ltd.				
TACC (C.R) Ltd.[(3)]	Real estate development/ Cambodia	**72.25**	72.25	72.25
Held by SinoTac Builder's (S) Pte Ltd				
Quest Homes Pte. Ltd.	Real estate development/ Singapore	**100**	100	100
Held by Tiong Aik Construction Pte Ltd				
Tiong Aik Resources (S) Pte Ltd	Investment holding, general wholesale trade (including general importers and exporters)/ Singapore	**57**	57	57
Held by Que Holdings Pte. Ltd.				
TA Resources Myanmar Company Limited [(4)]	Trading in lubricants/ Myanmar	**51**	51	51

(1) Audited by Sasikrig Audit & Legal Consulting.
(2) Audited by P.S.Yap, Isma & Associates.
(3) No statutory audit requirement. The entity is audited by Deloitte & Touche LLP, Singapore for consolidation purpose.
(4) No statutory audit requirement. The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purpose.

All other subsidiaries are audited by Deloitte & Touche LLP, Singapore.

16 ASSOCIATES AND JOINT VENTURES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Associates			
Cost of investment in associates	**10,674**	10,074	10,074
Allowance for impairment in an associate	**(4,811)**	(4,811)	(4,811)
Share of post-acquisition losses, net of dividend received	**(1,177)**	(1,941)	(2,112)
	4,686	3,322	3,151
Joint ventures			
Cost of investment in joint ventures	**12,189**	12,189	10,089
Share of post-acquisition losses, net of dividend received	**(2,253)**	(1,528)	(837)
	9,936	10,661	9,252
Interest in an unincorporated joint venture	**2,216**	2,216	2,216
Total of associates and joint ventures	**16,838**	16,199	14,619

(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		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	**December 31, 2018 %**	December 31, 2017 %	January 1, 2017 %
Associates							
Held by Sino Holdings (S'pore) Pte Ltd (Note 15)							
Meadows Bright Development Pte Ltd[(1)]	Real estate development/ Singapore	**50**	50	50	**50**	50	50
Dalian Shicheng Property Development(S) Pte. Ltd.[(1)]	Investment holding/ Singapore	**25.37**	25.37	25.37	**25.37**	25.37	25.37
FSKH Development Pte. Ltd.[(2)]	Real estate development/ Singapore	**20**	–	–	**20**	–	–
Held by Dalian Shicheng Property Development (S) Pte. Ltd.							
Dalian Shicheng Property Development Co., Ltd.[(3) (4)]	Development of properties/ People's Republic of China	**25.37**	25.37	25.37	Refer to footnote (4)		
Held by Meadows Bright Development Pte Ltd							
Bukit Timah Green Development Pte. Ltd.[(2) (5)]	Real estate development/ Singapore	**25**	25	25	Refer to footnote (5)		

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16 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		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	**December 31, 2018 %**	December 31, 2017 %	January 1, 2017 %
Joint ventures							
Held by Sino Holdings (S'pore) Pte Ltd (Note 15)							
Soon Zhou Investments Pte. Ltd.(1)	Investment holding/ Singapore	**50**	50	50	**50**	50	50
Eternal Synergy Pte. Ltd.(6)	Trading/Singapore	**50**	50	50	**50**	50	50
Synergy Truck Pte. Ltd.(6)	Trading/Singapore	**50**	50	50	**50**	50	50
Held by Soon Zhou Investments Pte. Ltd.							
Blue Oasis Investments Pte. Ltd.(1)	Investment holding/ Singapore	**50**	50	50	**50**	50	50
Dalian Blue Oasis Properties Co., Ltd. (3)	Investment holding/ People's Republic of China	**50**	50	50	**50**	50	50
Held by Synergy Truck Pte. Ltd.							
Myanmar Synergy Company Limited (7)	Trading/Myanmar	**50**	50	50	**50**	50	50
Held by Eternal Synergy Pte. Ltd.							
Eternal Company Limited(7)	Trading/Myanmar	**50**	50	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 Deloitte & Touche LLP, Singapore.
(2) Audited by Ernst & Young LLP, Singapore.
(3) The entity is audited by an BDO China Shu Lan Pan CPAs LLP, China. For the preceding year ended December 31, 2017, the entity was audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purposes.
(4) Dalian Shicheng Property Development (S) Pte. Ltd., a 25.37% (December 31, 2017: 25.37%; January 1, 2017: 25.37%) held associate, holds 100% (December 31, 2017: 100%; January 1, 2017: 100%) of the equity interest in Dalian Shicheng Property Development Co., Ltd.
(5) Meadows Bright Development Pte Ltd, a 50% (December 31, 2017: 50%; January 1, 2017: 50%) held associate, holds 50% (December 31, 2017: 50%; January 1, 2017: 50%) of the equity interest in Bukit Timah Green Development Pte. Ltd.
(6) Audited by Chan Leng Leng & Co, Singapore.
(7) The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purposes.

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(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

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	**30,213**	28,027	14,308
Non-current assets	**758**	1,303	15,313
Current liabilities	**(22,782)**	(22,687)	(23,538)
Equity	**8,189**	6,643	6,083

	2018 $'000	2017 $'000
Other income	**429**	–
Profit for the year, representing total comprehensive income for the year	**1,546**	560

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:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of the associate	**8,189**	6,643	6,083
Proportion of the Group's ownership in the associate	**50%**	50%	50%
Carrying amount of the Group's interest in the associate	**4,095**	3,322	3,042

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

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	**38,099**	51,733	55,828
Non-current assets	**51**	66	87
Current liabilities	**(111,323)**	(130,306)	(129,763)
Capital deficiency	**(73,173)**	(78,507)	(73,848)

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16 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)

	2018 $'000	2017 $'000
Revenue	**36,979**	9,804
Profit (Loss) for the year	**3,634**	(4,833)
Other comprehensive income for the year	**1,700**	174
Total comprehensive income (loss) for the year	**5,334**	(4,659)

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:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net liabilities of the associate	**(73,173)**	(78,507)	(73,848)
Proportion of the Group's ownership in the associate	**25.37%**	25.37%	25.37%
	(18,564)	(19,917)	(18,735)
Pre-acquisition losses not recorded by the Group	**8,007**	8,007	8,007
	(10,557)	(11,910)	(10,728)
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	**(10,557)**	(11,910)	(10,728)

At December 31, 2018, December 31, 2017 and January 1, 2017, management considers the amount of investment in DSPDS to be fully impaired as explained in Note 3.2.4 (a). The Group's losses related to DSPDS and its subsidiary, DSPDC, are recognised when additional cash funding is provided by the Group.

Aggregate information of other associates that are not individually material

	2018 $'000	2017 $'000
The Group's share of loss for the year	**(9)**	(99)
The Group's share of other comprehensive income (loss)	**–**	(10)
The Group's share of total comprehensive loss	**(9)**	(109)

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Aggregate carrying amount of the Group's interests in these associates	**591**	–	109
Aggregate cumulative share of losses not recognised	**(164)**	(163)	–

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Summarised financial information in respect of each of the Group's material joint ventures is set out below.

Soon Zhou Investments Pte. Ltd. ("SZI") and its subsidiaries

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	**36,217**	1,550	795
Non-current assets	**24,920**	55,101	50,719
Current liabilities	**(16,109)**	(5,481)	(4,613)
Non-current liabilities	**(44,473)**	(52,229)	(50,184)
Equity (Capital deficiency)	**555**	(1,059)	(3,283)

	2018 $'000	2017 $'000
Revenue	**1,221**	–
Profit for the year	**2,829**	2,720
Other comprehensive loss for the year	**(1,215)**	(496)
Total comprehensive income for the year	**1,614**	2,224

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:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets (liabilities) of the joint venture	**555**	(1,059)	(3,283)
Proportion of the Group's ownership in the joint venture	**50%**	50%	50%
	278	(530)	(1,642)
Carrying amount of the Group's interest in the joint venture	**278**	–	–
Cumulative share of losses not recognised	**–**	(530)	(1,642)

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16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

Synergy Truck Pte. Ltd. and its subsidiary

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	**27,354**	24,715	24,353
Non-current assets	**4,887**	4,721	4,187
Current liabilities	**(23,247)**	(19,441)	(20,933)
Equity	**8,994**	9,995	7,607

	2018 $'000	2017 $'000
Revenue	**11,209**	13,511
Loss for the year	**(1,189)**	(1,060)
Other comprehensive income (loss) for the year	**188**	(741)
Total comprehensive loss for the year	**(1,001)**	(1,801)
Dividends received from the joint venture during the year	**–**	6

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:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of the joint venture	**8,994**	9,995	7,607
Proportion of the Group's ownership in the joint venture	**50%**	50%	50%
Group's share of net assets	**4,497**	4,998	3,804
Premium paid on acquisition	**426**	426	426
Carrying amount of the Group's interest in the joint venture	**4,923**	5,424	4,230

Eternal Synergy Pte. Ltd. and its subsidiary

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	**12,136**	14,301	13,444
Non-current assets	**306**	368	420
Current liabilities	**(8,127)**	(10,135)	(9,405)
Equity	**4,315**	4,534	4,459

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

Eternal Synergy Pte. Ltd. and its subsidiary (Continued)

	2018 $'000	2017 $'000
Revenue	**14,106**	16,148
Profit for the year	**148**	389
Other comprehensive loss for the year	**(353)**	(302)
Total comprehensive (loss) income for the year	**(205)**	87
Dividends received from the joint venture during the year	**7**	6

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:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of the joint venture	**4,315**	4,534	4,459
Proportion of the Group's ownership in the joint venture	**50%**	50%	50%
Group's share of net assets	**2,158**	2,267	2,230
Premium paid on acquisition	**2,073**	2,073	2,073
Carrying amount of the Group's interest in the joint venture	**4,231**	4,340	4,303

Aggregate information of joint ventures that are not individually material

	2018 $'000	2017 $'000
The Group's share of (loss) profit for the year	**(82)**	172
The Group's share of other comprehensive (loss) income	**(91)**	6
The Group's share of total comprehensive (loss) income	**(173)**	178
Dividends received from the joint venture during the year	**220**	–

	December 31, 2018	December 31, 2017	January 1, 2017
Aggregate carrying amount of the Group's interests in these joint ventures	**504**	897	719
Cumulative share of losses not recognised	**(445)**	–	–

(d) The Group's 49% interest in an unincorporated joint venture is recorded at cost contributed towards acquisition of land. The joint venture has no operating results.

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17 OTHER NON-CURRENT ASSETS

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Club memberships, at cost	**416**	416	416
Less: Allowance for impairment loss	**(20)**	(15)	(120)
	396	401	296

18 DERIVATIVE FINANCIAL INSTRUMENT

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Interest rate cap	**–**	4	91

The interest rate cap protects against increases in interest rates by capping the maximum rate payable when the floating interest rate (Singapore Swap Offer Rate) exceeds the cap. The Group received the difference between the capped rate of 1.5% and the floating rate. The nominal amount of the contract was $50 million.

The interest rate cap is not designated as a hedge instrument for a specific borrowing and changes in fair values are recorded in the profit or loss.

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, 2017	315
Credit to profit or loss (Note 31)	(49)
At December 31, 2017	266
Charge to profit or loss (Note 31)	14
At December 31, 2018	**280**

20 BORROWINGS

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Unsecured						
Bank loans	**9,900**	6,200	9,500	**–**	–	–
Invoice financing	**879**	1,467	182	**–**	–	–
Secured						
Invoice financing	**5,984**	14,750	4,105	**–**	–	–
Bank loans	**328,862**	310,096	311,057	**20,000**	25,000	30,000
	345,625	332,513	324,844	**20,000**	25,000	30,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(132,860)**	(161,224)	(131,184)	**(20,000)**	(5,000)	(5,000)
Amount due for settlement after 12 months	**212,765**	171,289	193,660	**–**	20,000	25,000

The borrowings bear variable interest at margins above the banks' cost of funds. The interest rates are adjusted for periods ranging from 1 month to 1 year.

Management estimates that the carrying amounts of the bank loans approximate their fair values as variable market interest rates are charged on the bank loans.

The Group has the following secured bank loans:

(a) Loans of $167,045,000 (December 31, 2017: $178,880,000; January 1, 2017: $178,863,000) are secured by mortgages over the Group's investment properties (Note 13) and certain fixed deposits.

(b) Loans of $132,424,000 (December 31, 2017: $108,617,000; January 1, 2017: $112,194,000) are secured by mortgages over the Group's development properties (Note 11).

(c) Loans of $18,976,000 (December 31, 2017: $22,599,000; January 1, 2017: $20,000,000) are secured by mortgages over the Group's properties (Note 12).

(d) Loans of $2,417,000 are secured by the Group's corporate guarantees and all proceeds in the operating bank accounts.

(e) Loans of $8,000,000 are secured by mortgages over the Group's property, 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.

Notwithstanding the above, the Company's bank loans are secured by legal assignment of sales proceeds from the development property of a subsidiary and are covered by corporate guarantees from two of its subsidiaries. All other bank loans are covered by the corporate guarantees of the Company. Certain loans are also covered 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.

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, 2018 $'000	**Financing cash flows(i) $'000**	**Other changes(ii) $'000**	**December 31, 2018 $'000**
Bank loans (Note 20)	**316,296**	**22,392**	**74**	**338,762**
Invoice financing (Note 20)	**16,217**	**(9,354)**	**–**	**6,863**
Finance leases (Note 23)	**928**	**(493)**	**188**	**623**
Term notes (Note 24)	**39,957**	**(13,000)**	**(73)**	**26,884**
Advance from associates (Note 21)	**34**	**9,600**	**(1,476)**	**8,158**
	373,432	**9,145**	**(1,287)**	**381,290**

	January 1, 2017 $'000	Financing cash flows(i) $'000	Other changes(ii) $'000	December 31, 2017 $'000
Bank loans (Note 20)	320,557	(4,261)	–	316,296
Invoice financing (Note 20)	4,287	11,930	–	16,217
Finance leases (Note 23)	815	(437)	550	928
Term notes (Note 24)	39,778	–	179	39,957
	365,437	7,232	729	373,398

(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.

21 TRADE AND OTHER PAYABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Trade payables:						
– Third parties	**34,510**	43,993	39,794	**–**	–	–
– Companies in which certain directors have control (Note 5)	**7**	19	20	**–**	–	–
Other payables:						
– Third parties	**2,863**	2,320	3,307	**1**	16	64
– Subsidiaries (Note 5)	**–**	–	–	**7,775**	4,900	–
– Associates (Note 5)	**8,158**	34	41	**8,153**	–	–
– Companies in which certain directors have control (Note 5)	**87**	46	38	**–**	–	–
– Non-controlling shareholders of subsidiaries	**46,651**	42,480	43,631	**–**	–	–
Accrued operating expenses	**6,375**	6,437	6,293	**995**	841	838
Accrued contract cost	**349**	3,557	3,241	**–**	–	–
Retention payables	**18,727**	19,750	18,464	**–**	–	–
Deposits received	**6,114**	3,894	3,473	**–**	–	–
Total trade and other payables	**123,841**	122,530	118,302	**16,924**	5,757	902
Current	**83,007**	85,356	79,453	**16,924**	5,757	902
Non-current	**40,834**	37,174	38,849	**–**	–	–
	123,841	122,530	118,302	**16,924**	5,757	902

The balances owing to related parties are unsecured, and repayable on demand. Included in other payables due to non-controlling shareholders of subsidiaries is $38,472,000 (December 31, 2017: $36,311,000; January 1, 2017: $37,406,000) which bears average interest at 3.1% (2017: 3.0%) per annum. The Company's other payables to subsidiaries and associates bear interest of 2.5% (December 31, 2017: Nil%; January 1, 2017: Nil%) per annum. For the purpose of determining present value of retention monies, the discount rate is 5% (December 31, 2017: 5%; January 1, 2017: 5%) per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

22 CONTRACT LIABILITIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Construction contracts	**355**	1,668	3,984
Amounts received in advance for development properties	**45,834**	29,995	15,979
	46,189	31,663	19,963

Contract liabilities represent the progress billings exceed costs incurred plus recognised profits. The amount is recognised as revenue when the Group performs under the contract.

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22 CONTRACT LIABILITIES (CONTINUED)

Significant changes in the contract liabilities balances during the period are as follows.

	2018 **$'000**	2017 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(1,313)**	(2,316)
Increases due to cash received, excluding amounts recognised as revenue during the year	**13,883**	13,033
Increases due to significant financing component	**1,956**	983
	14,526	11,700

23 FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Amounts payable under finance leases:						
Within 1 year	**350**	444	387	**316**	405	343
Within 2 to 5 years	**349**	581	509	**307**	523	472
	699	1,025	896	**623**	928	815
Less: Future finance charges	**(76)**	(97)	(81)	**–**	–	–
Present value of lease obligations	**623**	928	815	**623**	928	815
Less: Amount due for settlement within 12 months (shown under current liabilities)				**(316)**	(405)	(343)
Amount due for settlement after 12 months				**307**	523	472

The lease terms range from 2 to 9 years (December 31, 2017: 2 to 5 years; January 1, 2017: 3 to 5 years). The average effective interest rate approximates 6.1% (December 31, 2017: 4.5%; January 1, 2017: 3.9%) per annum. Interest rates are fixed at the contract dates. All finance leases repayments are fixed with no contingent amount payable.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance lease are secured by the lessor's title to the leased assets [Note 12(a)].

24 TERM NOTES

	Group and Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Multi-currency term notes, net of issuance cost:			
Current	**–**	39,957	–
Non-current	**26,884**	–	39,778

In August 2013, the Company set up a $150 million multi-currency medium term note programme. In June 2015, the Company increased the programme size to $300 million.

In March 2016, the Company issued $40 million medium term notes due March 29, 2018 at fixed interest rate of 5.5% per annum. Interest is payable on a half-yearly basis.

In July 2018, the Company issued $27 million medium term notes due July 26, 2021 at fixed interest rate of 6.0% per annum. Interest is payable on a half-yearly basis.

25 SHARE CAPITAL

	Group and Company			
	2018	2017	**2018**	2017
	Number of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning of the year	**499,983,810**	482,270,359	**150,391**	146,157
Issue of shares pursuant to Scrip Dividend Scheme	**18,084,410**	17,713,451	**3,798**	4,234
At end of the year	**518,068,220**	499,983,810	**154,189**	150,391

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.

In 2018, the Company allotted and issued 18,084,410 (December 31, 2017: 17,713,451; January 1, 2017: 17,270,359) new ordinary shares at an issue price of $0.21 (December 31, 2017: $0.239; January 1, 2017: $0.23) per new share to eligible shareholders who have elected to participate in the Scrip Dividend Scheme, in respect of the first and final one-tier tax exempt dividend of $0.01 (December 31, 2017: $0.01; January 1, 2017: $0.01) per ordinary shares of the Company, which was approved by the shareholders at the annual general meeting. These shares were listed and quoted on the Singapore Exchange Securities Trading Limited on June 27, 2018 (December 31, 2017: June 27, 2017; January 1, 2017: June 21, 2016).

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26 RESERVES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Capital reserve	**644**	644	644	**–**	–	–
Warrants reserve	**31**	31	–	**31**	31	–
	675	675	644	**31**	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.

On May 23, 2017, the Company has issued 120,567,589 warrants which were allotted on May 24, 2017, 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 reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs.

27 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 34).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2018 $'000	2017 $'000
Revenue from:		
Construction		
– Construction contracts	**85,700**	144,731
– Worker training and other services	**3,714**	4,751
	89,414	149,482
Real estate investment		
– Rental of properties	**19,505**	15,715
Real estate development		
– Sale of development properties	**757**	28,147
Distribution		
– Sale of goods	**25,124**	25,402
	134,800	218,746

27 REVENUE (CONTINUED)

	Group	
	2018	2017
	$'000	$'000
Timing of revenue recognition		
At a point in time	**37,493**	52,032
Over time	**97,307**	166,714
	134,800	218,746

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.

	2018
	$'000
Construction contracts	**601,161**

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

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.

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2018 will be recognised as revenue over the next 4 years.

28 OTHER INCOME

	Group	
	2018	2017
	$'000	$'000
Rental income	**287**	762
Management fee income from companies in which certain directors have control (Note 5)	**544**	543
Project management and administrative fee	**72**	72
Interest income	**172**	216
Interest income from joint ventures (Note 5)	**1,004**	834
Deemed interest income on retention amounts	**91**	1,147
Gain on disposal of property, plant and equipment	**64**	27
Reversal of impairment loss on other non-current assets	**–**	105
Grant from government	**303**	520
Other sundry income	**782**	799
	3,319	5,025

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29 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Depreciation (Note 32)	**5,946**	4,269
Property tax and repair and maintenance	**1,606**	1,460
Impairment loss recognised on financial assets	**1,660**	4,443
Rental expenses	**760**	1,158
Net loss in fair value of investment properties	**432**	25,810
Impairment loss on development properties	**566**	234
Impairment loss on other non-current assets	**5**	–
Legal and professional fees	**526**	604
Fair value change in financial derivative instrument	**4**	87
Net foreign exchange losses	**213**	1,234
Property, plant and equipment written off	**6**	42
Trainers' fee	**81**	168
Others	**190**	121
	11,995	39,630

30 FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest on borrowings	**13,588**	12,405
Interest from a non-controlling interest	**1,273**	1,151
Interest on obligations under finance leases	**42**	39
Deemed interest arising from significant financing component	**1,956**	983
Deemed interest expense on retention amounts	**–**	1,117
Total borrowing costs	**16,859**	15,695
Less: Amounts included as cost of development properties (Note 11)	**(3,913)**	(4,092)
	12,946	11,603

31 INCOME TAX (CREDIT) EXPENSE

	Group	
	2018	2017
	$'000	$'000
Current tax		
– for the year	**269**	1,344
– overprovision in prior years	**(1,116)**	(657)
Deferred tax (Note 19)	**14**	(49)
	(833)	638

Income tax in Singapore is calculated at 17% (2017: 17%) of the estimated assessable loss for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

31 INCOME TAX (CREDIT) EXPENSE (CONTINUED)

The total charge for the financial year can be reconciled to the accounting loss as follows:

	Group	
	2018	2017
	$'000	$'000
Loss before income tax	**(13,911)**	(26,637)
Tax credit at Singapore statutory rate of 17% (2017: 17%)	**(2,365)**	(4,528)
Tax effect of expenses that are not deductible in determining taxable profit	**1,408**	5,664
Effect of differences in tax rate in other jurisdictions	**14**	42
Deferred tax benefits not recognised	**2,224**	1,518
Deferred tax liabilities overprovided in prior year	**(11)**	–
Overprovision in prior years	**(1,116)**	(657)
Tax exempt income	**(151)**	(172)
Tax rebate	**(40)**	(47)
Utilisation of deferred tax benefits previously not recognised	**(796)**	(912)
Others	**–**	(270)
	(833)	638

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	
	2018	2017
	$'000	$'000
Balance at beginning of the year	**13,460**	7,901
Adjustment in respect of prior year	**(4,921)**	(24)
Addition during the year	**13,081**	8,928
Utilisation during the year	**(4,680)**	(3,345)
Balance at end of the year	**16,940**	13,460
Deferred tax benefit on above unrecorded	**2,880**	2,288

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.

At January 1, 2017, the Group also had temporary difference of $2,020,000 for which deferred tax asset had not been recognised. Such temporary difference was credited to profit or loss during the financial year ended December 31, 2017.

At December 31, 2018, undistributed earnings of foreign subsidiaries was $0.1 million (December 31, 2017: $1.7 million; January 1, 2017: $2.5 million). These earnings are subject to withholding tax of 10% if remitted out of these foreign tax jurisdictions. No deferred tax has been provided by the Group in respect of these unremitted retained earnings as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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FINANCIAL STATEMENTS
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32 LOSS FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2018	2017
	$'000	$'000
Depreciation on property, plant and equipment (Note 12)	**6,328**	4,751
Depreciation allocated to construction projects in progress	**(382)**	(482)
Depreciation charged as other operating expense (Note 29)	**5,946**	4,269
Cost of development properties recognised as cost of sales	**486**	23,184
Directors' remuneration:		
– of the Company	**2,446**	1,655
– of the subsidiaries	**989**	525
Employee benefits (excluding directors' remuneration)	**21,156**	21,270
Audit fees paid/payable to:		
– auditors of the Company	**286**	276
– other auditors	**11**	35
Non-audit fees paid/payable to auditors of the Company	**12**	11

33 LOSS PER SHARE

Loss per share of 2.9 cents per share for 2018 has been calculated based on the loss attributable to the owners of the Company of $14,919,000 and the weighted average number of 510,533,049 shares after allotment of new shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme (Note 25).

Loss per share of 3.8 cents per share for 2017 has been calculated based on the loss attributable to the owners of the Company of $18,934,000 and the weighted average number of 492,603,205 shares after allotment of new shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme (Note 25).

There is no dilution of loss per share.

34 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

34 SEGMENT INFORMATION (CONTINUED)

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 17). 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.

	Construction $'000	Real estate investment $'000	Real estate development $'000	Distribution $'000	Others $'000	Elimination $'000	Total $'000
2018							
REVENUE							
External revenue	89,414	19,505	757	25,124	–	–	134,800
Inter-segment revenue	19,658	361	276	11,307	–	(31,602)	–
	109,072	19,866	1,033	36,431	–	(31,602)	134,800
RESULT							
Segment result	(10,162)	11,135	(2,436)	(95)	(674)	–	(2,232)
Interest income	142	1,046	5	47	27	–	1,267
Interest expense	(800)	(7,102)	(2,592)	(391)	(2,061)	–	(12,946)
(Loss) Profit before income tax	(10,820)	5,079	(5,023)	(439)	(2,708)	–	(13,911)
Income tax expense (credit)	928	(98)	(4)	7	–	–	833
(Loss) Profit for the year	(9,892)	4,981	(5,027)	(432)	(2,708)	–	(13,078)
STATEMENT OF FINANCIAL POSITION							
Segment assets	197,605	447,099	307,076	37,526	221,009	(501,380)	708,935
Unallocated corporate assets	396	–	–	–	–	–	396
Total assets	198,001	447,099	307,076	37,526	221,009	(501,380)	709,331
Segment liabilities	101,098	460,904	319,081	30,048	63,809	(431,184)	543,756
OTHER INFORMATION							
Additions to non-current assets	5,221	46	860	1,115	–	–	7,242
Associates and joint ventures	–	6,311	591	9,936	–	–	16,838
Depreciation	4,410	567	955	396	–	–	6,328
Impairment loss on investment properties	417	15	–	–	–	–	432
Impairment loss on development properties	–	–	566	–	–	–	566
Allowance for doubtful receivables, net	718	665	109	168	–	–	1,660
Reversal of allowance for impairment on other non-current assets	5	–	–	–	–	–	5

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34 SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Real estate investment $'000	Real estate development $'000	Distribution $'000	Others $'000	Elimination $'000	Total $'000
2017							
REVENUE							
External revenue	149,482	15,715	28,147	25,402	–	–	218,746
Inter-segment revenue	22,565	178	276	7,634	–	(30,653)	–
	172,047	15,893	28,423	33,036	–	(30,653)	218,746
RESULT							
Segment result	2,796	(21,268)	1,237	647	(643)	–	(17,231)
Interest income	1,256	814	17	58	52	–	2,197
Interest expense	(1,731)	(6,584)	(966)	(244)	(2,078)	–	(11,603)
Profit (Loss) before income tax	2,321	(27,038)	288	461	(2,669)	–	(26,637)
Income tax expense	(447)	(19)	(18)	(154)	–	–	(638)
Profit (Loss) for the year	1,874	(27,057)	270	307	(2,669)	–	(27,275)
STATEMENT OF FINANCIAL POSITION							
Segment assets	247,505	429,240	260,440	35,701	228,655	(491,660)	709,881
Unallocated corporate assets	401	–	–	–	–	–	401
Total assets	247,906	429,240	260,440	35,701	228,655	(491,660)	710,282
Segment liabilities	144,659	434,385	265,654	28,446	70,714	(414,531)	529,327
OTHER INFORMATION							
Additions to non-current assets	8,605	8,874	704	2,414	–	–	20,597
Associates and joint ventures	–	5,538	–	10,661	–	–	16,199
Depreciation	3,018	613	694	426	–	–	4,751
Impairment loss on investment properties	500	25,310	–	–	–	–	25,810
Impairment loss on development properties	–	–	234	–	–	–	234
Allowance for doubtful receivables, net	786	3,580	–	77	–	–	4,443
Reversal of allowance for impairment on other non-current assets	(105)	–	–	–	–	–	(105)

Geographical segments

The Group's revenue from external customers generated from other countries is not significant compared to Group's revenue for the year, which is principally generated from Singapore. Geographical segment assets and revenue from external customers' information are therefore not presented.

35 DIVIDENDS

The Company has established a Scrip Dividend Scheme which provides shareholders with the option to elect to receive new shares in lieu of cash for any dividend declared on shares held.

During the financial year, a dividend of 1.0 cent per share totalling $5,000,000 was paid to the shareholders through allotment and issue of 18,084,410 new shares at an issue price of $0.21 per share and cash dividend of $1,202,000.

36 CONTINGENT LIABILITIES AND GUARANTEES

(a) The Company together with a joint guarantor provided joint and several corporate guarantees to a bank in respect of bank loans of an associate and a joint venture entity. The total bank loans outstanding at December 31, 2018 was $24.2 million (December 31, 2017: $31.7 million; January 1, 2017: $39.0 million). Further information are 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, 2018 was $6.2 million (December 31, 2017: $8.0 million; January 1, 2017: $12.4 million).

(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, 2018 was $325.6 million (December 31, 2017: $307.5 million; January 1, 2017: $290.6 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 $31.3 million (December 31, 2017: $24.2 million; January 1, 2017: $21.5 million) and performance bonds/guarantees amounting to $42.0 million (December 31, 2017: $46.4 million; January 1, 2017: $37.2 million).

37 OPERATING LEASE ARRANGEMENTS

	Group	
	2018	2017
	$'000	$'000
The Group as lessee		
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	**1,129**	1,571

Of the amount disclosed above, $369,000 (2017: $413,000) is charged to cost of sales and the remaining balance is charged to other operating expenses.

37 OPERATING LEASE ARRANGEMENTS (CONTINUED)

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2018	2017
	$'000	$'000
Within one year	**1,020**	948
In the second to fifth year inclusive	**1,645**	2,169
> 5 years	**516**	822
	3,181	3,939

Operating lease payments represent rentals payable by the Group for warehouse, motor vehicles and office equipment. The lease of the warehouse is for 30 years ending in December 2025. Rentals are subject to annual review with caps on the amount of increase relative to the preceding year. The rental commitments above are based on the current rate. The other leases are negotiated for terms of 1 to 2 years and rentals are fixed for the term of the leases.

The Group as lessor

	Group	
	2018	2017
	$'000	$'000
Rental income	**19,774**	16,477

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2018	2017
	$'000	$'000
Within one year	**15,832**	13,052
In the second to fifth year inclusive	**4,234**	3,531
	20,066	16,583

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework-Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at the end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 *Revenue for Contracts with Customers.* There is no material adjustment arising from adoption of SFRS(I) and application of SFRS(I) 9 *Financial Instruments* other than the enhanced disclosures.

Management has elected the following transition exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before January 1, 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

  SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the Group has tested goodwill for impairment at the date of transition to SFRS(I). No goodwill impairment was deemed necessary at January 1, 2017.

- As permitted under SFRS(I) 1, the Group has elected to apply the following practical expedients provided under SFRS(I) 15 by using its transition provisions:

  - The transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed.

  - Completed contracts which began and ended in the same annual reporting period in 2017 and contracts completed at January 1, 2017 are not restated.

- As disclosed in Note 2, the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on January 1, 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended December 31, 2017.

  Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative periods to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative periods.

SFRS(I) 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in SFRS(I) 15 to describe such balances.

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38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Reconciliations of equity and total comprehensive income

The effects of initial application of SFRS(I) 15 are presented and explained below.

Group

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	Note	As adjusted under SFRS(I) $'000
Current assets				
Cash and bank balances	91,538	–		91,538
Trade and other receivables	92,402	(39,101)	(a)	53,301
Deposits and prepayments	4,036	–		4,036
Inventories	7,593	–		7,593
Contract assets	–	33,161	(a), (b)	33,161
Development properties	183,871	(1,400)	(b), (c)	182,471
Non-current assets				
Property, plant and equipment	48,879	–		48,879
Investment properties	253,385	–		253,385
Goodwill	2,595	–		2,595
Subsidiaries	–	–		–
Associates and joint ventures	14,619	–		14,619
Other non-current assets	296	–		296
Trade and other receivables	25,139	–		25,139
Derivative financial instrument	91	–		91
Current liabilities				
Borrowings	131,184	–		131,184
Trade and other payables	107,697	(28,244)	(a), (c)	79,453
Current portion of finance leases	343	–		343
Contract liabilities	–	19,963	(a), (b), (c)	19,963
Income tax payable	1,514	5	(d)	1,519
Non-current liabilities				
Borrowings	193,660	–		193,660
Trade and other payables	38,849	–		38,849
Finance leases	472	–		472
Term notes	39,778	–		39,778
Deferred tax liabilities	315	–		315
Capital, reserves and non-controlling interests				
Share capital	146,157	–		146,157
Reserves	644	–		644
Translation and other reserves	2,179	–		2,179
Retained earnings	61,041	924	(b), (d)	61,965
Equity attributable to owners of the Company	210,021	924		210,945
Non-controlling interests	611	12	(e)	623

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	Note	As adjusted under SFRS(I) $'000
Current assets				
Cash and bank balances	84,660	–		84,660
Trade and other receivables	95,071	(34,667)	(a)	60,404
Deposits and prepayments	2,630	–		2,630
Inventories	5,576	–		5,576
Contract assets	–	31,090	(a), (b)	31,090
Development properties	185,057	1,256	(b), (c)	186,313
Non-current assets				
Property, plant and equipment	55,678	–		55,678
Investment properties	236,375	–		236,375
Goodwill	2,595	–		2,595
Subsidiaries	–	–		–
Associates and joint ventures	16,199	–		16,199
Other non-current assets	401	–		401
Trade and other receivables	28,357	–		28,357
Derivative financial instrument	4	–		4
Current liabilities				
Borrowings	161,224	–		161,224
Trade and other payables	120,754	(35,398)	(a), (c)	85,356
Current portion of finance leases	405	–		405
Term notes	39,957	–		39,957
Contract liabilities	–	31,663	(a), (b), (c)	31,663
Income tax payable	1,476	(6)	(d)	1,470
Non-current liabilities				
Borrowings	171,289	–		171,289
Trade and other payables	37,174	–		37,174
Finance leases	523	–		523
Deferred tax liabilities	266	–		266
Capital, reserves and non-controlling interests				
Share capital	150,391	–		150,391
Reserves	675	–		675
Translation and other reserves	467	–		467
Retained earnings	36,777	1,431	(b), (d)	38,208
Equity attributable to owners of the Company	188,310	1,431		189,741
Non-controlling interests	(8,775)	(11)	(e)	(8,786)

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	Note	As adjusted under SFRS(I) $'000
Revenue	215,240	3,506	(b)	218,746
Cost of sales	(176,149)	(3,033)	(b)	(179,182)
Other income	5,025	–		5,025
Selling and distribution costs	(1,890)	–		(1,890)
General and administrative expenses	(18,120)	–		(18,120)
Other operating expenses	(39,630)	–		(39,630)
Share of profit of associates and joint ventures	17	–		17
Finance costs	(11,603)	–		(11,603)
Income tax expense	(649)	11	(d)	(638)
Loss for the year	(27,759)	484		(27,275)
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(1,876)	–		(1,876)
Share of other comprehensive loss of associates and joint ventures	(526)	–		(526)
Total comprehensive loss for the year	(30,161)	484		(29,677)

Notes to the reconciliations:

SFRS(I) 15

(a) Under SFRS(I) 15, if the percentage of completion of performance obligations are ahead of progress billings, a contract asset is recognised. This balance was previously recognised as part of trade receivables and so has been reclassified. Progress billings invoiced to purchasers of development properties in advance of the percentage of completion of performance obligations are recognised as contract liabilities.

(b) Revenue from construction of properties is 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. Such method represents the transfer of control of the goods or services to the customers and measures progress toward satisfaction of a performance obligation. Previously, revenue and costs recognised by reference to the stage of completion of the contract activity are measured by reference to certification of value of work performed at the end of the reporting period.

(c) The Group receives payments from customers for the sale of residential and commercial projects. Under certain payment arrangement, timing of payments from the buyer does not coincide with the transfer of control of the property. Consequently, a significant financing component arises from payments from buyers and finance expenses are recognised and capitalised in the development properties.

(d) To recognise the impact on income tax of the above adjustments.

(e) As a result of (b) above, corresponding impact on non-controlling interests is recognised.

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(D) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) and initial application of SFRS(I) 9 and SFRS(I) 15 do not have a material impact on the statement of cash flows.

39 FINALISED AGENDA DECISION ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

The International Financial Reporting Standards Interpretation Committee ("IFRS IC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development (building), of which the developer recognises revenue over time for the sale of individual units of the development under SFRS(I) 15 *Revenue from Contracts with Customers.* In a Tentative Agenda Decision ("TAD") issued in November 2018, IFRS IC tentatively concluded that, the developer in the fact pattern submitted should not capitalise borrowing costs in relation to the construction of the building. This is different from the accounting policy currently applied by the Group as disclosed in Note 2.

As at December 31, 2018, the Group has not changed its accounting policy on borrowing costs as part of its application of SFRS(I) 15, pending the finalisation of TAD. TAD has been subsequently finalised in March 2019, subject to some editorial changes. The Group has not changed its accounting policy on borrowing costs in response to the TAD. The Group has since commenced implementing the change in policy, and expects to report the effects of the change within the next annual reporting period beginning on January 1, 2019. The change in policy is estimated to reduce loss after tax for the financial year ended December 31, 2017 by $67,000 and increase the loss after tax for the financial year ended December 31, 2018 by $516,000.

40 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and expected to have an impact to the Group and the Company in the periods of their initial application-

<u>Effective for annual periods beginning on or after January 1, 2019</u>

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

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40 STANDARDS ISSUED BUT NOT EFFECTIVE (CONTINUED)

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after January 1, 2019, and does not expect material adjustments to arise other than the change in the accounting for leases as a lessee under SFRS(I) 16. Upon adoption of SFRS(I) 16, all non-cancellable lease obligations other than those which fall within the above exceptions, will be recognised as liabilities concurrently with the recognition of right of use of assets. Note 37 provides information on the non-cancellable lease obligations existing at December 31, 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liong Kiam Teck
Executive Chairman

Neo Tiam Poon @ Neo Thiam Poon
Deputy Executive Chairman

Neo Tiam Boon, PBM
Chief Executive Officer and Executive Director

Neo Thiam An
Executive Director

Fong Heng Boo
Lead Independent Director

Lee Ah Fong
Independent Director

Mervyn Goh Bin Guan
Independent Director

Mr Pang Teng Tuan
Independent Director

AUDIT COMMITTEE

Fong Heng Boo (Chairman)
Lee Ah Fong
Mervyn Goh Bin Guan

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Lee Ah Fong (Chairman)
Fong Heng Boo
Mervyn Goh Bin Guan

COMPANY SECRETARIES

Foo Soon Soo
Yap Ming Choo

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

Partner-in-charge: Cheung Pui Yuen
(Appointed since April 26, 2017)

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
The Hong Kong and Shanghai Banking Corporation Limited
Bangkok Bank Public Company Limited

SHARE REGISTRAR

B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

REGISTERED OFFICE

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

INVESTOR RELATIONS CONTACTS

Citigate Dewe Rogerson Singapore Pte Ltd
Chia Hui Kheng/Samantha Koh
105 Cecil Street
#09-01, The Octagon
Singapore 069534
Tel: (65) 6534 5122
Fax: (65) 6534 4171
huikheng.chia@citigatedewerogerson.com
Samantha.Koh@citigatedewerogerson.com

SHAREHOLDERS' INFORMATION

As At March 15, 2019

Share Capital

Issued and fully paid capital	:	$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	6	0.87	153	0.00
100 – 1,000	102	14.85	64,484	0.01
1,001 – 10,000	245	35.66	1,128,819	0.22
10,001 – 1,000,000	318	46.29	26,410,004	5.10
1,000,001 and above	16	2.33	490,464,760	94.67
	687	100.00	518,068,220	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares fully paid Direct Interest	%	Deemed Interest	%
Liong Kiam Teck(1)	174,166,149	33.62	20,953	0.004
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(2)	47,910,000	9.25	–	–

Notes:
(1) Mr Liong is deemed to be interested in 20,953 shares held by his spouse.
(2) The number of shares is based on the last notification from Mr Koh Wee Seng to the Company.

SHAREHOLDERS' INFORMATION

As At March 15, 2019

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.	Maybank Kim Eng Securities Pte. Ltd.	23,104,590	4.46
6.	Citibank Nominees Singapore Pte Ltd	19,542,981	3.77
7.	Sing Invest and Finance Nominees Pte Ltd	18,478,000	3.57
8.	Phillip Securities Pte Ltd	15,982,634	3.09
9.	UOB Kay Hian Pte Ltd	12,865,372	2.48
10.	HSBC (Singapore) Nominees Pte Ltd	3,130,435	0.60
11.	Lim and Tan Securities Pte Ltd	3,047,143	0.59
12.	Lim Seng Kuan	2,581,500	0.50
13.	Singamina Investment Pte Ltd	1,400,000	0.27
14.	Yap Bau Tan	1,148,600	0.22
15.	DBS Nominees Pte Ltd	1,094,759	0.21
16.	Lee Chee Hong	1,052,858	0.20
17.	Ko Lee Meng	965,000	0.19
18.	King Wan Construction Pte Ltd	930,000	0.18
19.	Ng Han Kim	900,000	0.17
20.	Tan Su Kiok or Sia Li Wei Jolie (She Liwei Jolie)	809,000	0.16
		494,068,760	95.37

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at March 15, 2019, 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.

SHAREHOLDERS' INFORMATION

As At March 15, 2019

STATISTICS OF WARRANT HOLDINGS

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holding	Number of Warrant holders	%	Number of Warrants	%
1 – 99	–	–	–	–
100 – 1,000	8	4.62	7,000	0.01
1,001 – 10,000	50	28.90	270,958	0.22
10,001 – 1,000,000	104	60.12	9,241,578	7.67
1,000,001 and above	11	6.36	111,048,053	92.10
	173	100.00	120,567,589	100.00

TWENTY LARGEST WARRANT HOLDERS

No.	Name of Warrant holders	Number of Warrants	%
1.	Liong Kiam Teck	39,893,204	33.09
2.	Neo Tiam Boon	20,123,905	16.69
3.	Neo Tiam Poon @ Neo Thiam Poon	19,148,738	15.88
4.	Neo Thiam An	9,485,717	7.87
5.	CGS-CIMB Securities (Singapore) Pte Ltd	5,591,043	4.64
6.	Phillip Securities Pte Ltd	4,287,924	3.56
7.	UOB Kay Hian Pte Ltd	3,842,500	3.19
8.	Ramesh s/o Pritamdas Chandiramani	2,550,000	2.11
9.	Maybank Kim Eng Securities Pte. Ltd.	2,524,022	2.09
10.	Koh Wee Seng	2,500,000	2.07
11.	Tan Su Lan @ Tan Soo Lung	1,101,000	0.91
12.	HSBC (Singapore) Nominees Pte Ltd	782,608	0.65
13.	Lim and Tan Securities Pte Ltd	763,500	0.63
14.	Goh Guan Siong (Wu Yuanxiang)	680,000	0.56
15.	Lim Seng Kuan	647,250	0.54
16.	Ghosh Animesh	500,000	0.42
17.	Tan Weiren Vincent (Chen Weiren Vincent)	370,000	0.31
18.	Yap Bau Tan	321,000	0.27
19.	Chew Hock Seng	246,000	0.20
20.	Raffles Nominees (Pte) Limited	245,589	0.20
	Total	115,604,000	95.88

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TA Corporation Ltd (the "Company") will be held at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 on Thursday, April 25, 2019 at 3.00 p.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of $201,250 for the financial year ended December 31, 2018 (2017: $189,375). **(Resolution 2)**

3. To re-elect Mr Pang Teng Tuan, a Director retiring under Regulation 95 of the Constitution of the Company. **(Resolution 3)**
(See Explanatory Note 1)

To note the retirement of Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Thiam An and Mr Lee Ah Fong as Directors pursuant to Regulation 89 of the Company's Constitution, who have indicated that they will not be standing for re-election at the forthcoming AGM.

Mr Lee Ah Fong will cease to be a Director of the Company, the chairman of the Remuneration Committee and a member of the Audit Committee with effect from the close of the forthcoming AGM.

4. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 4)

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions with or without modifications:–

5. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act"), and the listing rules of the Sngapore 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

(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 the conversion or exercise of convertible securities, or

NOTICE OF THE
ANNUAL GENERAL MEETING

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, 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 5)
(See Explanatory Note 2)

6. 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 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 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, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) 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.

(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 (the "**Relevant 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.

(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 or within any one financial year of the Company, whichever is the earlier, 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); and

NOTICE OF THE
ANNUAL GENERAL MEETING

"**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),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

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 date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**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 6)
(See Explanatory Note 3)

ANY OTHER BUSINESS

7. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Foo Soon Soo
Yap Ming Choo
Company Secretaries

Singapore, April 5, 2019

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Pang Teng Tuan will, upon re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual. Detailed information on Mr Pang can be found on "Board of Directors" section in the Company's Annual Report 2018.

2. Resolution 5, 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 6, 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, 2018 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

Notes:

1. 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.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.

3. A proxy need not be a member of the Company.

4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 not later than 72 hours before the time appointed for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General 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 collection, use and disclosure by 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. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in TA Corporation Ltd, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________

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)			

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 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 on Thursday, April 25, 2019 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 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.

No.	Ordinary Resolutions	No. of Votes	
		For**	Against**
	Ordinary Business		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2018 and the Auditors' Report thereon.		
2.	To approve Directors' fees of $201,250 for the financial year ended December 31, 2018.		
3.	To re-elect Mr Pang Teng Tuan as a Director.		
4.	To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
5.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
6.	To renew the Share Buy-Back Mandate.		

* All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Trading Limited. If you wish to exercise all your votes "For" or "Against", please cross "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______ day of ________________ 2019

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.

2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.

3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting.

   Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 not later than 72 hours before the time set for the Annual General Meeting.

8. 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.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of 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.

10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), 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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