ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager

TA CORPORATION LTD.

Securities

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TACORP S$27M6%N210726 - SGXF74214317 - MCLB
TA CORPORATION LTD W220520 - SG5ED4000009 - CGOW

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No

Announcement Details

Announcement Title

Annual Reports and Related Documents

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Submitted By (Co./ Ind. Name)

Yap Ming Choo / Foo Soon Soo

Designation

Chief Financial Officer / Company Secretary

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

Please refer to the attached.

Additional Details

Period Ended

31/12/2019

Attachments

TACorp_AnnualReport_2019.pdf

TACorp_Appendix_SBBCircular_07042020.pdf

Total size =2079K MB

TA CORPORATION LTD

ANNUAL REPORT 2019

CONTENTS

CORPORATE PROFILE

ABOUT TA CORPORATION

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*.

The Group has also successfully ventured overseas through joint ventures in property development projects in China, Thailand, and Cambodia. Its regional portfolio includes 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.

In September 2019, the Group's 20%-owned associate FSKH Development Pte. Ltd., launched its 265-unit 99-year leasehold residential development – *The Antares* on Mattar Road.

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 Limited, The Ascott Limited (Fka: The Ascott Group Limited), Keppel Land Realty Pte Ltd, Wheelock Properties (Singapore) Pte. Ltd. (Fka: Wheelock Properties (S'pore) Ltd), Wing Tai Holdings Limited, Keppel Corporation Limited, German European School Singapore as well as Logan Property (Singapore) Company Pte. Limited.

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

In November 2017, its 80%-owned joint venture, TK Modular Pte. Ltd, received in-principle acceptance for the use of its Steel Prefabricated Prefinished Volumetric Construction – ADD Modular (2016) ("PPVC System") for building projects in Singapore from the Building and Construction Authority and relevant government agencies.

Coupled with the existing precast 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.

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.

CHAIRMAN'S STATEMENT

REVENUE

$198.2 million

(2018: $134.8 million)

GROSS PROFIT

$35.3 million

(2018: $29.1 million)

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, 2019 ("FY2019").

Since the 1970s, TA Corporation has established itself as a reputable property and construction group, backed by over 40 years of track record in the construction business, with a growing distribution arm. We seized opportunities and harnessed new synergies both at home and regionally across our key pillars of businesses – Real Estate Development, Construction and Real Estate Investment, and a growing revenue stream from the Distribution segment.

Amidst the challenging operating environment, TA Corporation leveraged on its solid reputation as the contractor of choice for quality residential, industrial, commercial and institutional development projects. Supported by the redevelopment of en-bloc residential sites and the recovery of Singapore's construction sector, the Group continued to secure and deliver on its construction projects. It also benefitted from the growing demand for precast components by both the property and construction business sectors to improve labour productivity and operational efficiency in the construction industry.

Notwithstanding the uncertainties and negative impact from the COVID-19 outbreak on the local and global economy, the Group will continue to closely monitor the situation while stepping up on precautionary measures to mitigate risks.

The Group's commitment to grow recurring income streams has also yielded results, with our real estate investment segment contributing more significantly to our topline. In the year under review, the real estate investment segment has improved by 15.1% in FY2019, contributing $22.5 million to the Group's total revenue.

FINANCIAL REVIEW

The Group's revenue improved by 47.0% to $198.2 million in FY2019, compared to $134.8 million in the previous corresponding year ("FY2018"), mainly attributed to higher contributions from its construction and real estate investment segments. As a result, gross profit rose 21.1% year-on-year to $35.3 million. Coupled with lower other operating expenses, the Group narrowed its loss attributable to Owners of the Company by 25.9% from $14.9 million in FY2018 to $11.1 million in FY2019.

In particular, the Group is pleased to end the year with a 119.2% rise in revenue for the three months ended December 31, 2019 ("4Q2019"). As a result, the Group has achieved a turnaround with 104.8% improvement to a $0.2 million profit attributable to Owners of the Company, as compared to a $4.5 million loss attributable to Owners of the Company in 4Q2018.

The Group's cash and bank balances stood at $32.9 million as at December 31, 2019. The Group's gearing ratio as at December 31, 2019, remained healthy at 2.49 times.

REAL ESTATE DEVELOPMENT

In FY2019, the Group continued to push ahead with its sales efforts for its real estate development projects across Singapore and overseas, including Cambodia and Thailand.

Singapore's residential property market remained challenging during the year under review, with the various property cooling measures still in place amidst a slew of new property launches.

In September 2019, the Group, through its 20%-owned associate FSKH Development Pte. Ltd., successfully launched its 265-unit residential development – *The Antares* on Mattar Road. Located on a 99-year lease plot acquired under Singapore's Government Land Sales programme in May 2018, the site is conveniently located near the Mattar MRT station. Sales progress has since been encouraging, with 20% of the 90 released units in Phase One sold over its first launch weekend on September 14 to 15, 2019.

The Group had earlier converted its freehold project *12 on Shan* from private residential units to serviced apartments. It is continuing to explore opportunities to capitalise on the demand for well-positioned serviced apartments given *12 on Shan*'s close proximity to Health City Novena, an integrated healthcare masterplan development in Singapore.

CHAIRMAN'S STATEMENT

In Thailand, the Group's *iResidence*, a project comprising two blocks with a total of 138 units of freehold serviced apartments, is currently enjoying healthy occupancy rate. Meanwhile, with its attractive location in Khlong Luang District, Pathum Thani, which forms part of the Bangkok Metropolitan area in Thailand – the Group's 72 units of 3.5-storey townhouses development *De Iyara Grande's* is well received and recorded encouraging sales.

The Group is currently developing its freehold multi-phased mixed-used development project totaling 89,580 square metres in the Khlong Sam District, Pathum Thani Province in Bangkok. The construction of Phase One of this development, which consists of 2.5 storey shop houses, is currently in progress.

The Group's iconic twin tower mixed-use development, *The Gateway*, located in the Central Business District of Phnom Penh, Cambodia, consists of a 36-storey office tower with 2-storey retail and a 39-storey residential tower with sky terrace. The targeted completion date for *The Gateway* has been delayed to mid-2020 mainly resulting from the impact on supply chain by the COVID-19 outbreak. Depending on the oubreak's development, the completion may be further extended.

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 key pillar of the Group's revenue. TAC, which has won several awards over the years, holds a BCA grade of A1 which enables the Group to undertake public sector construction projects of unlimited contract value.

In FY2019, the Group's revenue from its construction segment climbed a significant 71.9% to $153.7 million, supported by the progressive construction work for its projects, which include *JTC CleanTech Three @ CleanTech Park*, a mixed-use industrial building development project awarded in December 2017 by JTC Corporation, and residential developments in Hougang Avenue 2, Fourth Avenue and Ewe Boon Road awarded in November 2018.

Despite headwinds in the operating environment and higher manpower costs, the Group had an active pipeline of construction projects with a strong order book of $461.0 million, to be progressively delivered over the next few years.

Moving forward, the Group will continue to expand its precast components business. It will also harness the use of productive construction technologies such as the design, manufacture and supply of Steel Prefabricated Prefinished Volumetric Construction- ADD Modular (2016) ("PPVC System") in Singapore and Malaysia, carried out by its 80%-owned subsidiary, TK Modular Pte Ltd ("TK Modular").

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

REAL ESTATE INVESTMENT

The Group's real estate investment segment has grown to be one of its key recurrent revenue growth driver during the year under review.

The segment's improved performance was lifted by the improvement in rental and occupancy rates at the *Tuas South Dormitory*, one of Singapore's largest purpose-built workers' accommodation facilities. The Group will continue to further improve rental and occupancy rates by strengthening its marketing efforts given the tighter requirements on foreign workers' accommodation.

CHAIRMAN'S STATEMENT

DISTRIBUTION BUSINESS

The Group's distribution segment has evolved since its establishment in 2012, with its growing brand and product portfolio as well as expanded geographical reach across the Southeast Asian region.

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 passenger and light truck tyres 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 is also the sole licensee for Repsol Lubricantes Y Especialidades, S.A. ("RLESA")'s 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. This has enabled Viva Energia to produce a range of Repsol branded products locally in Thailand, allowing for effective product customisation for the Thailand market.

LOOKING AHEAD

In Singapore, construction demand is expected to be supported by public sector infrastructure projects and ongoing private projects such as the redevelopment of en-bloc residential sites. Headwinds in the property market is expected to remain in the near term with the COVID-19 outbreak situation coupled with ongoing trade uncertainties and geopolitical tensions, which have clouded the economic outlook of the global economies. In Singapore, sales volume of real estate development is expected to be impacted as domestic buyers shy away from viewing, while investors adopt a wait-and-see approach.

TA Corporation will remain financially prudent while assessing the market situation, to pursue strategic business opportunities both domestically and in regional markets.

With its proven track record and reputation as a reliable building contractor, along with its complementary construction businesses in PPVC System, precast components, ACMV, steel fabrication and workers' training, the Group's construction segment is well-placed to ride the demand, given its 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.

Overseas in Cambodia, we look forward to the completion of *The Gateway* in Phnom Penh, despite expected delays resulting mainly from the COVID-19 outbreak.

In Thailand, the Group has commenced development of Phase One of its freehold multi-phased mixed development project in the Khlong Sam District, Pathum Thani Province, Bangkok. The Group will review and assess market conditions accordingly prior to further developments in view of the COVID-19 impact on the local Thai economy.

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.

WORDS OF APPRECIATION

I would like to express our appreciation to fellow Board colleagues for their wisdom, guidance and continued advice, including Mr Lee Ah Fong, who retired as Independent Director from our Board, and stepped down as the chairman of Remuneration Committee and member of Audit Committee on 25 April 2019. In addition, Mr Neo Tiam Poon @ Neo Thiam Poon has stepped down as Deputy Executive Chairman and Executive Director, while Mr Neo Thiam An has retired from his position as Executive Director of the Company.

Moving forward, Mr Neo Tiam Poon @ Neo Thiam Poon, will continue to contribute as Alternate Director to myself, while Mr Neo Thiam An will continue to serve as Alternate Director to Chief Executive Officer and Executive Director Mr Neo Tiam Boon. I look forward to their continued contribution, advice, inputs and wisdom with their considerable experience and knowledge, as we continue to build our business.

In closing, I would like to thank the Group's management and staff for their hard work, perseverance and dedication to the Group in a challenging market. I would also like to extend my gratitude to all of our clients, business partners, associates, bankers, suppliers and you, our shareholders for your continuing support. Together, we will remain committed and work hard to bring TA Corporation towards greater heights. Thank you.

LIONG KIAM TECK
Executive Chairman
March 31, 2020

OPERATIONS REVIEW

Singapore's economy remained challenging in 2019, having expanded by 0.7 per cent for the year[1], the slowest full-year growth in the last ten years. The continued economic uncertainties amid the market volatility and geopolitical tensions have impacted the Group's regional businesses.

Nonetheless, the Group's solid reputation as a reliable building contractor with a track record of more than 40 years has continued to support the Group's financial performance in the year under review. This is in line with Singapore's steady performance in the construction sector, having grown by 2.8 per cent in 2019, a reversal from the 3.5 per cent decline in the previous year[1].

Amidst the backdrop of rising global conflict and trade tensions that had not been fully resolved as of now, economic uncertainty in Singapore and regionally has heightened with the spread of COVID-19 worldwide.

On the private residential property front, Singapore's private residential prices saw a 2.7 per cent increase in 2019, compared to the 7.9 per cent price improvement for 2018[2]. Headwinds in the property market is expected to remain in the near term with the COVID-19 outbreak as investors adopt a wait-and-see approach.

Looking ahead, TA Corporation remains poised to navigate the challenging operating environment, supported by its strong competencies in the construction business, together with its ongoing efforts to grow and diversify its business in the region. Meanwhile, the Group will continue to be financially prudent and assess market situation to pursue strategic business opportunities locally and overseas.

CONSTRUCTION

The Group maintained its solid performance in the construction segment, recording a revenue of $153.7 million, which accounts for approximately 77.5% of the Group's total revenue in FY2019. Revenue increased by $64.3 million, compared to $89.4 million in the previous year, due to higher revenue recognised.

Backed by the Group's strong building capabilities and successful track record as a quality building contractor for a wide spectrum of projects including residential, industrial, commercial and institutional development projects, TA Corporation has sustained its resilient orderbook of construction projects amounting to $461.0 million as at December 31, 2019. This will underpin the Group's performance over the next few years.

During the year, the Group focused on the smooth execution of its construction projects, ranging from private residential to mixed-use industrial building projects. This includes *JTC CleanTech Three @ CleanTech Park* – a mixed-use industrial building project awarded in December 2017 by JTC Corporation, as well as residential developments in Hougang Avenue 2, Fourth Avenue and Ewe Boon Road awarded in November 2018.

In line with the Group's objectives to remain competitive in the construction industry, TA Corporation has extended its construction capabilities with a specialised suite of construction-related businesses.

The Group's 80%-owned subsidiary, TK Modular Pte. Ltd. ("TK Modular"), was established to design, manufacture and supply Steel Prefabricated Prefinished Volumetric Construction – ADD Modular (2016) ("PPVC System") in Singapore and Malaysia. The TK Modular received in-principle acceptance in November 2017 from the Building and Construction Authority ("BCA") and relevant government bodies.

Leveraging on the demand for precast components in the property and construction business to enhance productivity, the Group's precast components manufacturing plant in Johor, Malaysia, started operations in 2015. The Group has steadily grown its customer base to include companies engaged in the construction businesses across residential, commercial, industrial and infrastructure segments, both in Singapore and Malaysia.

In addition, the Group 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.

TA Corporation is also involved in the in design, installation and maintenance of Air-Conditioning & Mechanical Ventilation ("ACMV") systems through its subsidiary, Aston Air Control Pte Ltd ("Aston"). Aston has serviced its customers in Singapore across residential, commercial and industrial buildings for more than 15 years. It has since expanded its presence to the Cambodian market in 2014.

Adding on to the Group's comprehensive suite of construction capabilities, the Group's wholly-owned subsidiary, Credence Engineering Pte. Ltd., provides complementary services including fabrication of metal frameworks, erection of building structural steels as well as the management of Group's construction machinery.

REAL ESTATE INVESTMENT

In terms of real estate investment, the Group owns and operates more than 61,000 square metres of investment property space. This includes the Group's dormitory business with more than 10,000 beds for foreign workers in Singapore, its 4,235 square metres of

OPERATIONS REVIEW

commercial units at New World Centre, 1 Jalan Berseh and warehouses in Singapore for the use of its businesses and sources of rental income.

This segment continues to be one of the main contributors to the Group's recurrent income stream. In FY2019, the segment recorded a revenue of $22.5 million, accounting for 11.3% of Group's revenue. This is a 15.1% increase from FY2018, as a result of improved rental and occupancy rates for the Group's 62%-owned *Tuas South Dormitory*.

As one of Singapore's largest purpose-built dormitories, the 9,180 bedded *Tuas South Dormitory* opened in mid-2016. Despite challenging market conditions and operating environment, the Group saw an improvement in rental and occupancy rates in the year under review, contributing to the Group's real estate investment revenue.

REAL ESTATE DEVELOPMENT

The Group's real estate development segment recorded a revenue of $0.6 million in FY2019. This is mainly attributable to lower contribution from both local and overseas development projects due to lesser units sold. In Singapore, the Group has slowed down its activities in the real estate development segment in recent years, except for *The Antares*. This is due to the on-going property cooling measures and headwinds in the overall economy. Revenue recognition policy for overseas development projects is recognised at point in time, hence, revenue will only be recognised upon project completion.

In September 2019, the Group's 20%-owned associate FSKH Development Pte. Ltd., launched its 99-year leasehold residential development – *The Antares (星宇轩)* on Mattar Road. Located on a 6,230 square metres site with a maximum gross floor area of 20,560 square metres, *The Antares* offers unrivalled convenience with its city fringe location right next to the Mattar MRT station on Downtown Line. The development houses a total of 265 residential units, comprising two blocks of five-storey, one block of 17-storey and one block of 18-storey residential flats.

The Group's freehold project *12 on Shan* was completed in 2018 and has been converted to serviced apartments. This is done to capitalise on the project's proximity to Health City Novena, an integrated healthcare masterplan development in Singapore.

Overseas in Thailand, the Group is currently developing its freehold multi-phased mixed development project totaling 89,580 square metres in the Khlong Sam District, Pathum Thani Province in Bangkok. The construction of Phase One of this development, which consists of 2.5 storey shop houses, is currently in progress.

The Group's two projects located at Bangkok's Metropolitan area in the Khlong Luang District, Pathum Thani – *De Iyara Grande* and *iResidence* – were completed in February 2016 and May 2018 respectively.

De Iyara Grande, which comprises 72 units of 3.5-storey townhouse, is well received and recorded encouraging sales, given its attractive location. *iResidence*, a project comprising two blocks with a total of 138 units of freehold-serviced apartments, is currently enjoying healthy occupancy rate.

In Cambodia, the Group's iconic twin tower mixed-use development, *The Gateway*, located in the Central Business District of Phnom Penh, Cambodia is on-going. The development consists of a 36-storey office tower with 2-storey retail and a 39-storey residential tower with sky terrace. The targeted completion date for *The Gateway* has been delayed to mid-2020 mainly resulting from the impact on supply chain by the COVID-19 outbreak. Depending on the outbreak's development, the completion may be further extended.

DISTRIBUTION BUSINESS

TA Corporation's distribution segment generated $21.4 million in revenue for FY2019, through its wholly-owned Sino Tac Resources Pte Ltd and 51%-owned subsidiary, Que Holdings Pte. Ltd. The decrease of $3.7 million compared to $25.1 million in FY2018 was mainly due to lower contribution from its distribution business in Myanmar. Overall, the distribution business contributed 10.8% to FY2019's Group revenue.

The Group's subsidiaries under its distribution business currently hold distributorships 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 Eternal Synergy Pte. Ltd. ("Eternal Synergy"), distributes the 'GS Caltex' brand of lubricants and related products.

The Group's 50%-owned Synergy Truck Pte Ltd. ("Synergy Truck") is one of Myanmar's leading commercial vehicles and construction equipment distributor. Synergy Truck distributes trucks, buses, vans and other commercial vehicles, as well as automotive spare parts under the 'Iveco', 'Astra', and 'Zhong Tong' brands, along with 'CASE' construction equipment and automotive spare parts.

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 since 2018.

In Thailand, the Group's 50%-owned Viva Energia Pte. Ltd. ("Viva Energia") was awarded exclusive distributorship of the 'Repsol' brand of high performance lubricants and other related products in the Thailand market.

In May 2018, Viva Energia was also awarded the exclusive licensee with five-year distributor contract for Repsol Lubricantes Y Especialidades, S.A. ("RLESA")'s 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. This has enabled Viva Energia to produce a range of Repsol branded products locally in Thailand, allowing for effective product customisation for the Thailand market.

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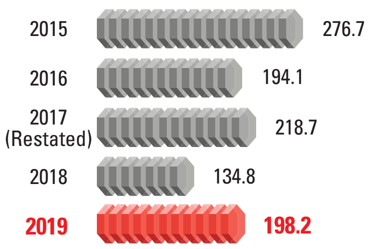
1 MTI downgrades 2020 GDP Growth Forecast to "-0.5 to 1.5 Per Cent" – Ministry of Trade and Industry Singapore, 17 February 2020

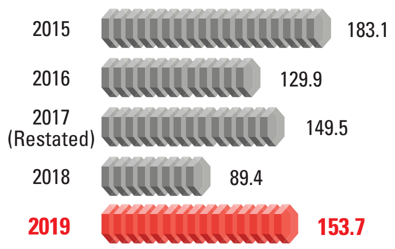
2 Release of 4th Quarter 2019 real estate statistics – Urban Redevelopment Authority, 23 January 2020

FINANCIAL HIGHLIGHTS

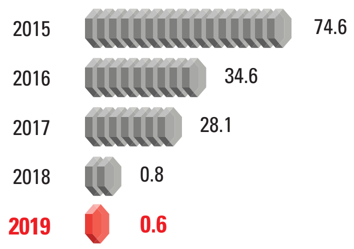
GROUP REVENUE
($'MILLION)



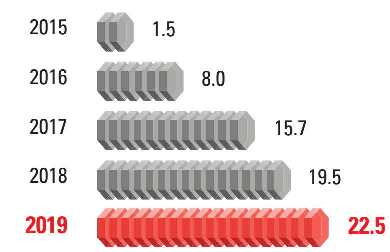
CONSTRUCTION
($'MILLION)



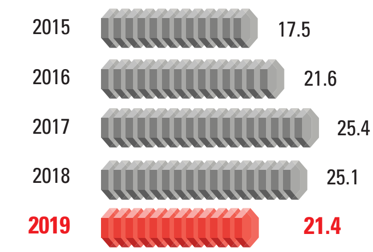
REAL ESTATE DEVELOPMENT
($'MILLION)



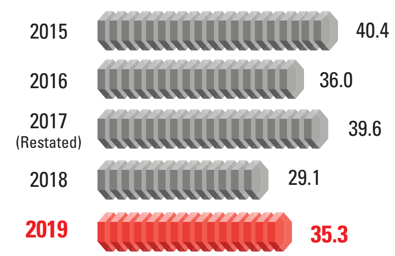
REAL ESTATE INVESTMENT
($'MILLION)



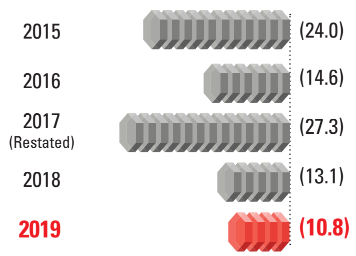
DISTRIBUTION
($'MILLION)



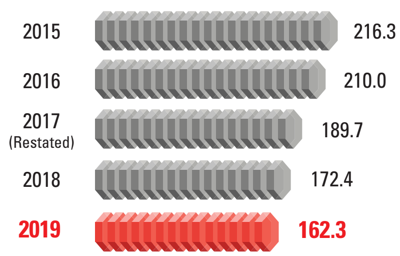
GROSS PROFIT
($'MILLION)



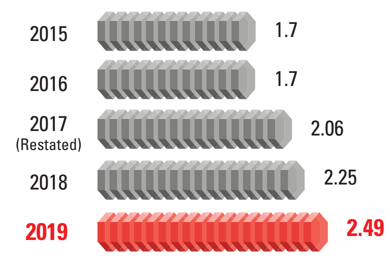
LOSS AFTER TAX
($'MILLION)



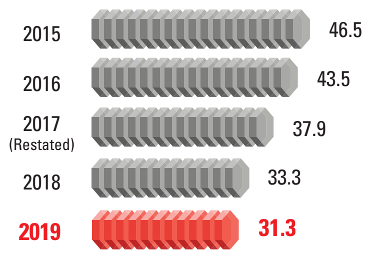
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY
($'MILLION)



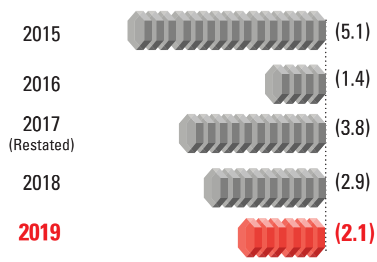
GEARING RATIO
(TIMES)



NET ASSET VALUE PER SHARE[1]
(CENTS)



LOSS PER SHARE[2]
(CENTS)



[1] Based on issued share capital of 518,068,220 shares for FY2019 and FY2018, 499,983,810 shares for FY2017, 482,270,359 shares for FY2016 and 465,000,000 shares for FY2015

[2] Based on weighted average number of 518,068,220 shares for FY2019, 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

Restated – 2017 Comparative figures were restated on the adoption of Singapore Financial Reporting Standards (International) (SFRS (I)) 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 43 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 elected as a director on April 26, 2017. Mr. Neo Tiam Boon, PBM is the Group's Chief Executive Officer and Executive Director of TA Corporation Ltd, an established property and construction group with a growing suite of businesses in distribution and real estate development and investment, listed on the Mainboard of the Singapore Exchange.

A management veteran, Mr. Neo has over 20 years of management experience. He helms overall business development, financial and strategic planning, sales and marketing as well as human resources at TA Corporation.

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

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

Mr. Neo believes in giving back to society and championing causes for education. He currently sits on the Board of Governors for the UOB-SMU Asian Enterprise Institute, a partnership between United Overseas Bank, Singapore Management University and local enterprises. He plays a critical advisory role in providing strategic guidance and facilitating the exchange of knowledge and resources to support the growth and development of local enterprises and students. Mr. Neo is also involved in giving public seminar and talks at the Business Families Institute @ Singapore Management University on managing family business. He is also an active grassroots leader, having served in various capacities for more than 25 years.

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

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

He was the deputy executive chairman and executive director of the Company until his stepping down from both positions on 25 April 2019. He was then appointed to the Board as an alternate director to Mr. Liong Kiam Teck on 25 April 2019. He is in charge of the overall project management of our various construction projects, conducts periodic quality and safety checks to ensure that quality and safety management systems are adhered to closely. He is also in-charge of the precast components manufacturing business. Mr Neo Tiam Poon @ Neo Thiam Poon has been with us since 1976 and has over 43 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
Alternate Director to Mr Neo Tiam Boon

He was an executive director of the Company until his stepping down as executive director on 25 April 2019. He was then appointed to the Board as alternate director to Mr. Neo Tiam Boon on 25 April 2019. He is in charge of the management of the site operations of developments for external developers as well as our own in-house developments. Mr Neo Thiam An has been with the Group since 1977 and has over 39 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 also appointed as the Chairman of the Audit Committee and the Remuneration Committee and is a member of the Nominating Committee.

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

Mr Fong has over 46 years of experience in auditing, finance, business development and corporate governance. He graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973.

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

MR MERVYN GOH BIN GUAN
Independent Director

He was appointed as the Group'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 and was last re-elected as a Director on April 25, 2019. He serves as a member of the Audit Committee and the Remuneration Committee.

Mr Pang is currently a partner of SAC Investment Management, a private equity fund management company and a director of Serenade Capital Advisors. He was vice president of private equity, investment management for The Great Eastern Life Assurance Company Limited from 2008 to 2013. From 2007 to 2008, he was head of strategic investments and investor relations for a SGX listed semi-conductor equipment manufacturer. From 2005 and 2006, he was vice president, business development for NatSteel Asia and from 2003 to 2005, he was with the investment banking department of Hong Leong Bank (Singapore). 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 ("TA Corp") and its subsidiaries ("the Group") third sustainability report. The Group is committed to incorporate long-term consideration of environment, social and governance ("ESG") issues when formulating sustainable business practices that help to enhance long-term stakeholders' value and provide reliable and sustainable products and services to our customers to create societal and environment benefits beyond our financial performance.

The Board provides strategic direction and in close interaction with the management monitors results of sustainability efforts undertaken by senior management of the Group.

The Board has emphasised that management will continue to be evaluated by its success in executing the Group's 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 the Code on sustainability reporting.

Senior 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.

Senior management also affirms and dedicates communication platforms of different levels to interact with the various work groups and trades, each with its own function to address the ESG aspects and to enable continual improvement in the Group's sustainability policies, processes and performance.

OUR SUSTAINABILITY APPROACH

The Group's sustainability approach is to integrate sustainability and manage our material ESG issues within our business strategies.

We recognise the increasing importance of ESG factors among our stakeholders and the business landscape we are operating in and we are aiming to align our sustainability initiatives within our business activities.

ABOUT THIS REPORT

Reporting period

This is the Group's third sustainability report and covers the reporting period from 1 January 2019 to 31 December 2019

Scope

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

Framework

This report is prepared in accordance with the requirements set out in the SGX-ST and with reference to Global Reporting Initiative ("GRI") Standards: Core option.

Sustainability contact

For any queries or comments regarding our sustainability report please send it to us at tac@tiongaik.com.sg.

MATERIALITY ASSESSMENT

The Group conducted a materiality assessment that is in line with the Materiality Principle of the GRI Standards.

In identifying the material ESG factors, the Group considered the following:

- Material risk corresponding with the Group's internal controls and operating environment
- Internal stakeholder interviews and focus group discussions with members of our Sustainability Committee ("SC")
- Global and local emerging sustainability trends
- Main topics and future challenges for the construction, building materials, and real estate sectors, as identified by peers
- Insights gained from regular interactions with internal and external stakeholders

The Group reviewed the material ESG factors set out below in 2019 and found that they continue to be relevant. The Group will regularly review and assess its material ESG factors to ensure their relevance.

Sustainability Focus Area	Material ESG Factors
Corporate governance	Good corporate governance and ethics
Social	Workplace safety Equal employment opportunity Employee engagement & talent retention Training and education of employees – learning and development Community services
Environmental	Energy efficiency (energy and water conservation) Promoting green practices Emission control, effluent and waste management
Economic	Economic performance[1]

[1] Refer to the financial section of the annual report

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group's stakeholders include employees, customers, contractors and suppliers, investors and local community. We prioritise our stakeholders for engagement based on the significance of their influence on our business and our dependency on them.

The key stakeholder groups identified are:

(i) **Our employees**

The Group's core competencies are highly dependent on our employees. Hence, developing the employees' capabilities and ensuring their wellbeing are the Group's utmost priorities.

In order to engage and to develop the employees' potential, the Group provides training and development opportunities and promoting work-life balance as well as effective flow of information to ensure alignment of business goals and objectives across all levels of workforce.

(ii) **Our customers**

The Group believes the best engagement with customers is by delivering quality service and products. We are constantly improving our delivery, customer experience by gathering feedback from our customers through customer service hotlines, websites as well as direct commercial meetings.

(iii) **Our contractors and suppliers**

Contractors and suppliers are vital links to our construction, property development and distribution value chain. We rely on our pool of quality contractors and suppliers to ensure delivery of quality products.

Through regular meetings and stringent selection criteria, including sustainable methods of construction and leading industry practices, we engage our contractors and suppliers while ensuring delivery of quality products.

(iv) **Our investors**

The Group regularly engages our investors by practicing good corporate governance and high levels of transparency through financial reporting and timely communications/ disclosures of significant transactions through shareholders' meeting and public announcements.

(v) **Our community**

The Group is committed to contributing to community wherever we operate. We engage neighbouring communities surrounding our development, construction works and our commercial activities by initiating community engagements and introducing work methods with full compliance to local building and engineering standards to minimise impact to the surrounding communities.

OUR SUSTAINABILITY PERFORMANCE

The Group has regular review, assessment and feedback in relation to ESG topics. The Group has taken into consideration its business and feedback from various key internal and external stakeholder including shareholders, employees and business partners in assessing and identifying sustainability issues.

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

PRIMARY FACTORS	MATERIAL FACTORS	PERFORMANCE MEASURES	FY2019 TARGETS	FY2019 PERFORMANCE UPDATE	FY 2020 TARGETS
Corporate governance	**Good corporate governance and ethics**	Sound system of risk management, internal controls and high standards of ethical conduct at all levels.	• To maintain zero issues arising from changes in the environment and social issue as well as governance issues in response to risks and implement risks management policies and strategies.	• Management reporting identified risks and mitigating strategies to Audit Committee ("AC") periodically and work closely with the AC to better align, manage and improve the Group's resilience to emerging scenarios and environments.	• Continue to monitor business risks, risks arising from changes in the environment, social issue as well as governance issues in response 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.	• Continue to achieve better than national average, that is – AFR less than 1.8 incidents per million man-hours worked in 2018. – ASR less than 108 per million man hours worked.	• Accident Frequency Rate ("AFR") at 1.75 and Accident Severity Rate ("ASR") at 105. • The Group had also migrated from OHSAS 18001:2007 to ISO 45001: 2018 in August 2019.	• Continue to achieve better than national average, that is – AFR less than 1.5 incident per million man-hours which align with 2018 construction industry's AFR published by WSH. – ASR less than 115 per million man hours worked which align with 2018 construction industry's ASR published by WSH.

SUSTAINABILITY REPORT

PRIMARY FACTORS	MATERIAL FACTORS	PERFORMANCE MEASURES	FY2019 TARGETS	FY2019 PERFORMANCE UPDATE	FY 2020 TARGETS
	Equal employment opportunity	Committed to non-discriminatory employment practices	• Zero incident of unlawful discrimination against employees.	• No 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	• Human Resources team to work on areas that enhance employee engagement and to further improve on Employee Engagement Index ("EEI") as compared to FY2018.	• Annual Employee Engagement survey was conducted to seek employees' view on reward and recognition of work effort, opportunities for career progression, learning and development and management leadership. • Building on the foundation of enhancing employee engagement and studies from Institute for Human Resource Professional, "Talents will gravitate towards organizations that provide opportunities for learning and development, and help with their career development." based on these, in 2019, the Group embarked in laying groundwork to build a transformation ecosystem for Digital Workplace to prepare the staff member to be job-ready in the future economy and improve work practices and increase productivity in the digital economy.	• Human Resources ("HR") team to work on areas that building a transformation ecosystem for Digital Workplace to prepare the staff member to be job-ready in the future economy and improve work practices and increase productivity in the digital economy.
	Training and education of employees – learning and development	Continuing education and skill upgrade to equip staff to contribute effectively to improve Group's performance	• To conduct more future skill development programmes with focus on skills upgrade and knowledge enhancement for employees.	• We will continue to formulate a structured approach to our training programmes and adopt e-learning as a training platform to widen the coverage with effective cost and timely courses update to equip staff with up-to-date training methodologies. • Training and equip staff in terms of digitalisation to improve productivity and reduce costs to lower costs and improve overall operating performance.	• Conduct more Skill Future Digital Workplace and related courses to equip staff with skills upgrading and growth mindset to prepare staff in aligning with the Group's Digitalisation push.
	Community services	Annual corporate giving and activities to give back to local communities	• Continue to give back and do more for local communities within our business operations, under our Corporate Social Responsibilities ("CSR") initiative	• In conjunction with the corporate motto of giving back to local communities and sustainability agenda, we have participated in International Coastal Cleanup Singapore at Sungei Tampines Mangrove to clean up marine trash endangering marine life in September 2019.	• We will continue to strive to improve from a holistic perspective by creating culture and practices within the framework of sustainability, curbing global warming, conserving and recycling resources.

SUSTAINABILITY REPORT

PRIMARY FACTORS	MATERIAL FACTORS	PERFORMANCE MEASURES	FY2019 TARGETS	FY2019 PERFORMANCE UPDATE	FY 2020 TARGETS
Environment	**Energy efficiency (energy and water conservation)**	Committed to implement best practices, innovations and technologies to reduce energy consumption and water-saving features to efficient use of water consumption.	• 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.	• Water saved by 2%. • Electricity saved by 1%. • Diesel saved by 1%. • Reduced rebar wastage by 1%. • Reduced concrete wastage by 2%. • The Group 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 for general cleaning purposes and at washing bays. • Installed water-saving devices such as self-closing taps and water thimbles in our project sites and corporate offices in Singapore where possible.	• Water-saving by 3%. • Electricity saving by 2%. • Diesel saving by 2%. • Reduce rebar wastage by 2%. • Reduce concrete wastage by 3%.
	Promoting green practices	Embrace various green practices in our operations and compliance with best practices and standards on green initiative, such as Building & Construction Authority (BCA) Green & Gracious Building initiative.	• 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.	• Attained ISO 14001 renewal certification which is the standard that requires Effective Environmental Management System. • Zero non-conformity related to environmental issue.	• To achieve less than 3 non-conformities during ISO 14001:2015 and ISO 45001:2018 surveillance audit.
	Emission control, effluent and waste management	Compliance with National Environment Agency ("NEA") regulations regarding waste emission, effluent and waste disposal.	• Waste disposal cost reduction by 2% compared to FY2018 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.	• Received Building and Construction Authority Green and Gracious Builder Scheme Certificate (Excellent) and achieved 2% reduction of waste disposal cost. • The Group had been multiple awardees of this award and 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 construction stage.	• FY2020 targets waste disposal cost reduction by 3% compared to FY2019. • Office wastage reduction by 2 %. • Noise level to limit at 88dBA – 90 dBA for residential building and 70 dBA to 75 dBA for hospital sites respectively. • Housekeeping and air quality not more than 8 authorities findings at all sites.

SUSTAINABILITY REPORT

SUSTAINABILITY ACTIVITIES HIGHLIGHT

CORPORATE GOVERNANCE

The Board set up SC to assist the 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 Corp.

The SC comprises the Group Chief Executive and other members of 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 mind-set among our employees and subcontractors. We also conduct regular Safety Time-Out for all high-risk related activities namely work at height, lifting operation, electrical works, fire & explosion and confined space activities at our worksites to improve our safety measures awareness.

Workplace safety is a key business challenge and risk in our industry. Upholding good safety standards is paramount in protecting our employees from harm and boosting our stakeholders' confidence in our organisation and we have implemented measures for the improvement of health and safety performance. These measures include requiring all new employees and any other personnel entering the sites for the first time, to attend a safety induction training as part of their orientation programme, and raising awareness through exhibitions and emergency drills.

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 FY2017.

The Group applies the principles of ergonomic in the workplace to improve occupational health and safety, employee well-being and productivity. Each department regularly reviews workplace health and safety issues to implement appropriate control measures, including engineering controls, work practice controls and ongoing reminders.

Through strict adherence to health and safety requirements, coupled with relevant programmes in place, we strive to remain vigilant to maintain stringent health and safety standards in all our business operations.

The Group has won multiple Occupational, Health and Safety certifications and corporate awards.

Employee Engagement

We will continue to cultivate a transparent and inclusive environment to attract and retain talent while ensuring a top-down approach to promote fair and ethical business dealings.

Our employees are our key assets, and it is paramount that their safety, health and well-being are looked after. Staff engagement events such as Sports Day, annual Chinese New Year lunch, Fruits day and tea sessions to create platform for our Management and senior staff to engage with employees and show appreciation for their hard work and contributions for the Group.

All full-time employees undergo an annual performance review. The Group adopts an open appraisal system where employees discuss and agree on their performance, areas for improvement, targets for next cycle and personal and career development goals.

SAFETY AWARDS			
1	RoSPA Awards	The Royal Society for the Prevention of Accidents (RoSPA)	Gold award since 2016
2	WSHPA Awards	Workplace Safety & Health Performance Awards (WSHPA)	Target to attain in 2021
3	SHARP Awards	Safety and Health Award Recognitions for Projects (SHARP)	Safety and Health Award Recognitions for Projects (SHARP) for 2016, 2018 and 2019

SUSTAINABILITY REPORT

We show our appreciation towards our employees via a fair remuneration system and recognition programmes developed and established based on fair employment practices with the goal to attract, develop and retain a robust motivated workforce.

In anticipation of technological changes and its impact on the skillsets of our staff, the Group organised a series of sessions where professional trainers were invited to share insights on topics and trends related to our business, by organising these activities, the Group hopes to inculcate a spirit of lifelong learning and help equip staff with the knowhow to navigate a constantly changing world, to be job-ready in the future economy and embracing digitalisation to improve work practices and increase productivity in the digital economy.

Learning and development

At TA Corp, we believe in staff training and development to help them perform at their best and keep them motivated.

The Group encourages and supports the growth and development of its employees, advancing their knowledge and skills so that they stay responsive to changes in the work environment and can contribute optimally.

The Group had also set up a more structured approach to our training methodology and explore the e-learning as a training platform that can be more accessible and wider reached as we operate in multiple geographical regions.

With increased reliance on digital capabilities as a business enabler, the Group restructured the learning and development contents and built in the SkillsFuture contents to equip the staff with the right skills and technical know-how to equip them to do their job more efficiently and effectively and overcoming technological challenges in the workplace. In addition, they learned how digitalisation can improve our work practices and increase productivity in the digital economy to help the growth of our business.

Coastal Cleanup – 21 Sep 2019

SkillsFuture for Digital Workplace – 24&25 Oct 2019

TA Mini Olympics – 16 Nov 2019

SUSTAINABILITY REPORT

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.

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 programs to achieve these targets. Our efforts to promote environmental protection have won us recognition such as the receipt of a Green & 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.

	CONSERVATION INITIATIVES	TARGET SET FOR 2020
1	Water Saving	3%
2	Electricity Saving	2%
3	Diesel Saving	2%

We continuously monitor our energy and water consumption to ensure that there is no abnormal spike and will continue 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.

SUSTAINABILITY REPORT

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 the usage of timbers;

(vi) Use of pre-fabricated, pre-casted and Prefabricated Bathroom Unit (PBU), 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;

We have adopted BCA's Green and Gracious Builder Award. The Group is committed to "Green Practices" to improve our environmental management programs whereas "Gracious practices" to control the environmental impact to the community, inculcate food relationship and bonding with our neighbours and provide good working environment for our staff.

Good green practices include the following but not limited to:

- Control resources utilization and minimize waste/pollutants generation
- Create greater awareness of environmental issues through training and communication
- Monitor environmental performance periodically

Good gracious practices include:

- To provide public with a safe environment
- To prevent noise and vibration generated on the site
- To ensures pro-active communication to the community

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.

The Group aims to minimise the environmental impacts created by its operations. To manage the Group's environmental performance holistically and systematically, the Group has acquired ISO 14001 Environmental Management System certification for its Construction business unit. Going forward, the Group will continue to maintain zero non-conformances for all external audits conducted for the aforementioned management systems.

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

The Group has also adopted various measures to optimise its utilities and emissions performance, including regular maintenance of equipment and facilities to maintain optimal energy efficiency, provision of high-efficiency systems such as lifts with variable voltage frequency and sleep mode features, and installation of energy-efficient light fittings and motion sensors at the common staircases and toilets.

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 NEA regulation and industry standard in order to ensure parameter of noise emission is under control.

We continue to attain both Green & Gracious Builders Scheme certificate and ISO 14001 and ISO 9001 for our continuing efforts in these areas.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

This report has been prepared in accordance with the Global Reporting Initiative (GRI 2016) Standards: Core option. We did not seek external assurance for this report.

N.B.: SR = Sustainability Report (i.e. this report)

GRI REFERENCE		DISCLOSURE	REFERENCE
General disclosures			
Organization Profile	102-1	Name of the organization	*TA Corporation Ltd*
	102-2	Activities, brands, products, and services	*Corporate profile*
	102-3	Location of headquarters	*Corporate information*
	102-4	Location of operations	*Corporate information*
	102-5	Ownership and legal form	*Corporate profile*
	102-6	Markets served	*Corporate profile*
	102-7	Scale of the organization	*Corporate profile*
	102-8	Information on employees and other workers	*Sustainability report 2019 – Employees Engagement*
	102-9	Supply chain	*Sustainability report 2019 – Our contractors and suppliers*
	102-10	Significant changes to the organization and its supply chain	*No significant changes*
	102-11	Precautionary Principle or approach	*Sustainability Report 2019 – Governance 2019 Annual Report – Statement of Corporate Governance*
	102-12	External initiatives	*No externally-developed economic, environmental and social charters, principles, or other initiatives is subscribed or endorsed during FY2019.*
	102-13	Membership of associations	*TA Corp holds a membership in Singapore Business Federation*
Strategy	102-14	Statement from senior decision-maker	*SR Section – Board statement*
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	*Sustainability Report 2019 – Governance*
Governance	102-18	Governance structure	*2019 Annual Report – Statement of Corporate Governance*
Stakeholder Engagement	102-40	List of stakeholder groups	*SR Section – Stakeholders' engagement*
	102-42	Identifying and selecting stakeholders	*SR Section – Stakeholders' engagement*
	102-43	Approach to stakeholder engagement	*SR Section – Stakeholders' engagement*
	102-44	Key topics and concerns raised	*SR Section – Stakeholders' engagement*
Reporting Practice	102-45	Entities included in the consolidated financial statements	*2019 Annual Report – Independent Auditor's Report*
	102-46	Defining report content and topic boundaries	*Sustainability Report 2019 – About the Sustainability Report Sustainability Report 2019 - Materiality Assessment*
	102-47	List of material topics	*Sustainability Report 2019 – Materiality Assessment*

SUSTAINABILITY REPORT

GRI REFERENCE		DISCLOSURE	REFERENCE
	102-50	Reporting period	*Sustainability Report 2019 – About the Sustainability Report*
	102-51	Date of most recent report	*Sustainability Report 2019 – About the Sustainability Report*
	102-52	Reporting cycle	*Sustainability Report 2019 – About the Sustainability Report*
	102-53	Contact point for questions regarding the report	*Sustainability Report 2019 – About the Sustainability Report*
	102-54	Claims of reporting in accordance with the GRI Standards	*Sustainability Report 2019 – About the Sustainability Report*
	102-55	GRI content index	*SR Section – GRI content index*
	102-56	External assurance	*This Report has undergone the internal review process of the Group, and was reviewed by the Board. The Group has not sought external assurance for FY2019, and may consider it for future periods.*
Specific Disclosures			
Management Approach			
Management Approach	103-1	Explanation of the material topic and its Boundary	*Sustainability Report 2019 – Materiality assessment*
	103-2	The management approach and its components	*Sustainability Report 2019 – Our sustainability Approach*
	103-3	Evaluation of the management approach	*Sustainability Report 2019 – Our sustainability Approach*
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	*2019 Annual Report – Independent Auditor's Report*
Environment			
Energy	302-1	Energy consumption within the organization	*SR Section – Our sustainability performance/Energy efficiency (energy and water conservation)*
	302-4	Reduction of energy consumption	*SR Section – Our sustainability performance/Energy efficiency (energy and water conservation)*
Water	303-5	Water consumption	*SR Section – Our sustainability performance/Energy efficiency (energy and water conservation)*
Effluents and waste	306-2	Waste by type and disposal method	*SR Section – Our sustainability performance/Emission control, effluent and waste management*

SUSTAINABILITY REPORT

GRI REFERENCE		DISCLOSURE	REFERENCE
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	*None – no significant non-compliance with environmental laws and regulations recorded.*
Occupational Health and Safety			
Occupational Health and Safety	403-2	Types of injury and rate of injury	*Sustainability Report 2019 – Employment – Workplace health safety*
Training and education			
Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	*Sustainability Report 2019 – Employment*
Non-discrimination			
Non-discrimination	408-1	Incidents of discrimination and corrective action taken	*Sustainability Report 2019 – Our sustainability performance*

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 31 December 2019 ("FY2019") with reference to the Code of Corporate Governance 2018 (the "Code"). The Company has complied in all material aspects with the principles and guidelines of the Code as well as compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. Where there are deviations from the Code, explanations have been provided.

BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

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

(c) review management performance;

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

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

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

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

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

(b) strategic policies of the Group;

(c) material acquisitions and disposal of assets;

(d) corporate or financial restructuring;

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

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

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

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

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

Directors' attendance at Board and Board Committees meetings in FY2019 is disclosed below:

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	4	1	1
Name of directors	**Number of meetings attended**			
Liong Kiam Teck (alternate: Neo Tiam Poon @ Neo Thiam Poon)	4	4*	1*	1*
Neo Tiam Boon (alternate: Neo Thiam An)	4	4*	1*	1
Fong Heng Boo	4	4	1	1
Mervyn Goh Bin Guan	4	4	1	1
Pang Teng Tuan[1]	4	3	N.A.	N.A.
Neo Tiam Poon @ Neo Thiam Poon[2]	1	1*	N.A.	N.A.
Neo Thiam An[3]	1	1*	N.A.	N.A.
Lee Ah Fong[4]	0	0	0	N.A.

STATEMENT OF CORPORATE GOVERNANCE

1 Mr. Pang Teng Tuan was appointed as AC and RC member on 25 April 2019.

2 Mr Neo Tiam Poon @ Neo Thiam Poon retired as Director and Deputy Executive Chairman on 25 April 2019. He was appointed as alternate director to Mr. Liong Kiam Teck on 25 April 2019.

3 Mr Neo Thiam An retired as Director on 25 April 2019 and was appointed as alternate director to Mr. Neo Tiam Boon on 25 April 2019.

4 Mr. Lee Ah Fong was hospitalised in fourth quarter 2018 and retired as Director, chairman of RC and member of AC on 25 April 2019.

N.A. – The Director is not a member of the Board Committees.

* Attended the meeting as invitee

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

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

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

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

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

For the year under review, the Directors are continually and regularly updated on the Group's business and governance practices. On a 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 31 December 2019 include the following:

- The external auditors briefed the AC members on updates on financial reporting standards relevant to the Group.
- The Board was briefed on relevant rules and regulations including requirements of the SGX-ST's listing rules, the provisions of the Companies Act and the Code by the Company Secretaries.
- The CEO updates the Board on the Group's business and strategic developments at each Board meeting.
- Management highlights salient issues as well as risk management considerations for industries 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 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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 section of this Annual Report.

BOARD COMPOSITION AND GUIDANCE

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

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

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

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

For the purpose of determining Directors' independence, every Independent Director has provided declaration of his independence, confirming their independence in accordance with the criteria under the Code 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. 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. As and when appropriate, the Board also considers gender as an important aspect of diversity alongside factors such as the age and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process to achieve diversity of perspectives as described above.

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

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

STATEMENT OF CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

The CEO and Executive Director, Mr Neo Tiam Boon is responsible for executing the Group's strategies and policies and has overall responsibility of the Company's operations and 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;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- scheduling of meetings (with assistance from the Company Secretaries) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- reviewing most board papers before they are presented to the Board;
- ensuring effective communication with shareholders; and
- promoting corporate governance.

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

BOARD MEMBERSHIP

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

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

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

(e) assess the independence of Independent Directors.

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

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

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

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

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

The Directors are required to submit themselves for re-election at regular intervals of at least once every three years in accordance with the Company's Constitution. Subject to the nomination by the NC, a retiring Director is eligible for re-election. Pursuant to the Company's Constitution, Mr Neo Tiam Boon and Mr Mervyn Goh Bin Guan will retire by rotation pursuant to Regulation 89 of the Constitution of the Company at the forthcoming AGM and have consented to stand for re-election at the forthcoming AGM. In accordance with Listing Rule 720(6), information as set out in Appendix 7.4.1 on Mr Neo Tiam Boon and Mr Mervyn Goh are provided in the Statement of Corporate Governance of this Annual Report.

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

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

STATEMENT OF CORPORATE GOVERNANCE

BOARD PERFORMANCE

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

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

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

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.

The Directors will undertake 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.

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

REMUNERATION MATTERS

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

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

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

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

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

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

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

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

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 own remuneration.

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

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

LEVEL AND MIX OF REMUNERATION

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

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.

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 31 December 2019 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 Independent directors, without over-compensating them so as not 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 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors, Alternate Directors and the CEO

The remuneration paid to or accrued to each individual Director, Alternate Directors and the CEO for FY2019 is as follows:

Remuneration Bands	Fee %	Fixed Remuneration %	Performance Related Variable Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
$500,001 to $750,000					
Mr Liong Kiam Teck	–	95.5	–	4.5	100
Mr Neo Tiam Boon	–	93.8	–	6.2	100
$250,001 to $500,000					
Mr Neo Tiam Poon @ Neo Thiam Poon	–	92.9	–	7.1	100
Mr Neo Thiam An	–	93.1	–	6.9	100
Up to $250,000					
Mr Fong Heng Boo	100	–	–	–	100
Mr Mervyn Goh Bin Guan	100	–	–	–	100
Mr Pang Teng Tuan	100	–	–	–	100

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, Alternate Directors 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 FY2019 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	79.9	13.6	6.5	100
Second Executive	77.5	16.3	6.2	100
Third Executive	76.1	11.7	12.2	100
Up to $250,000				
Fourth Executive	77.4	9.8	12.8	100
Fifth Executive	69.1	11.6	19.3	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 31 December 2019, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five key management personnel was $1,358,216.

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 $100,000 for FY2019.

Remuneration Bands	Relationship to Directors or the CEO
$200,001 to $300,000	
Liong Cailin, Wendy	Daughter of Mr Liong Kiam Teck, and niece of Mr Neo Tiam Boon, Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An
$100,001 to $200,000	
Nelson Neo Tiam Chuan	Brother of Mr Liong Kiam Teck, Mr Neo Tiam Boon, Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An
Liong Chai Yin, Fiona	Daughter of Mr Liong Kiam Teck and niece of Mr Neo Tiam Boon, Mr Neo Tiam Poon, @ Neo Thiam Poon and Mr Neo Thiam An

STATEMENT OF CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The key risks of the Group are deliberated by management and reported to the AC regularly. The AC is assisted by a Risk Management Committee ("RMC") comprising of senior management personnel, including the CEO, CFO, 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. AC reviews with the external auditor their audit report and findings. 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 31 December 2019, the Board has received assurance from the CEO and CFO (also in her capacity as Risk Officer) in the execution of their respective duties as CEO and CFO and to the best of their knowledge and belief, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal control system. The Board also received assurances from the key management personnel of the Group's subsidiaries who are responsible regarding the adequacy and effectiveness of the risk management and internal control systems of the respectives Group's subsidiaries.

Based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management, the RMC and the AC, and the aforesaid assurances from the CEO, CFO, and other key management personnel, the Board, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for the year ended 31 December 2019. 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.

STATEMENT OF CORPORATE GOVERNANCE

AUDIT COMMITTEE

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

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

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

The Chairman of the AC, Mr Fong Heng Boo, has over 46 years of experience in auditing, finance, business development and corporate governance. Mr Fong graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. Mr. Mervyn Goh graduated from the National University of Singapore with a Bachelor of Laws (Honours) in 1989 and was called to the Singapore Bar in 1990. Mr Pang Teng Tuan graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a CPA with CPA Australia. He had considerable experience in investment management. All the AC members are informed of changes in accounting standards and issues through updates from the external auditors. The Board is satisfied that the majority of members of the AC including the Chairman have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

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

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

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

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

(d) To review the audit plan of the external auditors and its report including key audit matters included in the Auditors' Report with the external auditors;

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

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

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

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

The AC reviewed the key audit matters ("KAMs") for FY2019 with the external auditors and management. The AC considered the approach, methodology and key assumptions applied. The AC concluded that Management's accounting treatment and estimates in the KAMs were appropriate. The KAMs are as set out in the independent auditor's report for FY2019.

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.

STATEMENT OF CORPORATE GOVERNANCE

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

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

The Company confirms compliance with Rule 712 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 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 $8,000 or 2.5% 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 engaged EisnerAmper PAC, an accounting firm registered with ACRA as its internal auditor ("IA"). The IA reports directly to the Chairman of the AC on all internal audit matters. The IA identifies, evaluates significant risks and develop risk-based audit plan for approval by the AC and provides independent assessment and reasonable assurances on areas of operation reviewed, advise and recommend the best practices that will improve and add value to the Company. IA has unfettered access to all the Company's documents, records, properties and personnel, including the AC. IA has confirmed their independence to the AC.

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

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

The 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.

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

The Board welcomes questions from shareholders who have an opportunity to raise at the general meetings of shareholders. All the Directors normally attend the general meetings of shareholders. The Chairmen of the AC, RC and NC are normally available at the meeting to answer those questions relating to the work of these Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders. In 2019, the Company held one general meeting which was attended by all the current Directors.

In compliance with the Listing Rules of the SGX-ST, all resolutions tabled at the forthcoming AGM would be put to vote by poll, the procedures of which will be explained by the appointed scrutineer at the general meeting. This will allow greater transparency and more equitable participation by shareholders. The poll results will be read out to shareholders immediately after vote tabulations. The result of the resolutions will be announced after the general meetings via SGXNET.

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

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

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

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

ENGAGEMENT WITH SHAREHOLDERS

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

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

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

(a) SGXNET announcements;

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

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

ENGAGEMENT WITH STAKEHOLDERS

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

The Group's material stakeholders are its shareholders, customers, employees, regulator and suppliers and engagement with them are set out in its Sustainability Report set out on Sustainability report section of this Annual Report.

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

Interested Persons Transactions

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Details of IPT for the year ended 31 December 2019 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than $100,000)
		$'000	$'000
Prestige Resources Pte Ltd	Associate of directors – Liong Kiam Teck ("LKT"), Neo Tiam Boon ("NTB"), Neo Tiam Poon @ Neo Thiam Poon ("NTP"), and Neo Thiam An ("NTA")	380	N.A.
Tac Alliance Pte. Ltd.	Associate of directors – LKT, NTB, NTP and NTA	219	N.A.
Matsushita Greatwall Corporation Private Limited	Associate of directors – LKT, NTB, NTP and NTA	434	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.

In respect of the release of quarterly financial statements for FY2019, under this Internal Compliance Code, all Directors and employees of the Group are prohibited from dealing in the Company's securities two weeks before and up to the release of the quarterly financial statements or one month before and up to the release of the full year financial statements to the SGX-ST, as the case may be. With the adoption of half yearly reporting of the financial statements from FY2020, all Directors and employees of the Group are prohibited from dealing in the Company's securities one month before and up to the release of the half year and full year financial statements. Circulars are issued to all Directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group on short-term consideration and during the prohibitive periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Material Contracts

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

STATEMENT OF CORPORATE GOVERNANCE

Table A

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

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Neo Tiam Boon	Mervyn Goh Bin Guan
Date of appointment	7 March 2011	20 September 2011
Date of last re-appointment (if applicable)	26 April 2017	26 April 2017
Age	58	57
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company is of the opinion that Mr Neo can continue to contribute positively to the Company after reviewing the NC's recommendation and Mr Neo's extensive experience.	After having considered the experience and skills of Mr Goh, the Board with the recommendation of the NC, approved the appointment of Mr Goh as independent Director of the Company.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer ("CEO")and Executive Director ("ED")	Independent Non-Executive Director (NC Chairman, AC and RC Member)
Professional qualifications	Bachelor Science in Business Administration from University of Arkansas	Bachelor of Laws (Honours) in National University of Singapore
Working experience and occupation(s) during the past 10 years	CEO and ED of TA Corporation Ltd	2008 to 2010: Great Eastern Life Assurance Company Limited – Vice President 2011 to Current: Consultant in Lawhub LLC
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest in Shares 87,857,147 Direct interest in Warrants – 20,123,905	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Brother of Executive Chairman – Mr. Liong Kiam Teck	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Neo Tiam Boon	Mervyn Goh Bin Guan
Other Principal Commitments* Including Directorships * "Principal Commitments" has the same meaning as defined in the Code.	Past (for the last 5 years) None	Past (for the last 5 years) None
	Present 1. Sinotac Group Pte. Ltd. – Director 2. C&E Tours Pte. Ltd. – Director 3. Cadence Properties Pte. Ltd. – Director 4. Cultural & Entertainment Holidays Pte. Ltd. – Director 5. Parrigold (M) Sdn. Bhd. – Director (Incorporated in Malaysia) 6. City Microfinance Institute PLC – Director (Incorporated in Cambodia) 7. SM Holding Company Limited. – Director (Incorporated in Hong Kong)	Present 1. Consultant in Lawhub LLC
Information required Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	NO	NO
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	NO	NO
(c) Whether there is any unsatisfied judgment against him?	NO	NO

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Neo Tiam Boon	Mervyn Goh Bin Guan
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	NO	NO
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	NO	NO
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	NO	NO
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	NO	NO
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	NO	NO
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	NO	NO
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	NO	NO
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	NO	NO

STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Neo Tiam Boon	Mervyn Goh Bin Guan
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	NO	NO
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	NO	NO
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	NO	NO
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	NO	NO

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2019.

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 51 to 125 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, 2019, 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 Boon	
Fong Heng Boo	
Mervyn Goh Bin Guan	
Pang Teng Tuan	
Neo Tiam Poon @ Neo Thiam Poon	(Appointed as alternate director to Liong Kiam Teck on April 25, 2019)
Neo Thiam An	(Appointed as alternate director to Neo Tiam Boon on April 25, 2019)

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:

	Shareholdings/Debentures registered in name of directors and alternate directors		Shareholdings/Debentures in which directors and alternate directors are deemed to have an interest	
Name of directors, alternate directors and companies in which interests are held	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The Company (Ordinary shares)				
Liong Kiam Teck	174,166,149	174,166,149	20,953	20,953
Neo Tiam Boon	87,857,147	87,857,147	–	–
Neo Tiam Poon @ Neo Thiam Poon	83,599,752	83,599,752	–	–
Neo Thiam An	41,412,840	41,412,840	–	–

DIRECTORS' STATEMENT

Name of directors, alternate directors and companies in which interests are held	Shareholdings/Debentures registered in name of directors and alternate directors		Shareholdings/Debentures in which directors and alternate directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The Company (Warrants)				
Liong Kiam Teck	39,893,204	39,893,204	38,000	38,000
Neo Tiam Boon	20,123,905	20,123,905	–	–
Neo Tiam Poon @ Neo Thiam Poon	19,148,738	19,148,738	–	–
Neo Thiam An	9,485,717	9,485,717	–	–
The Company ($27 million 6.00% medium term notes due in July 2021)				
Liong Kiam Teck	2,000,000	2,000,000	–	–
Neo Tiam Boon	2,500,000	2,500,000	250,000	250,000
Neo Tiam Poon @ Neo Thiam Poon	750,000	750,000	–	–
Neo Thiam An	–	–	250,000	250,000
Mervyn Goh Bin Guan	–	–	500,000	500,000

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, 2020 were the same as at December 31, 2019.

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 Mervyn Goh Bin Guan and Pang Teng Tuan.

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

The key responsibilities of the AC include the following:

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

- To review the 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.

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.

DIRECTORS' STATEMENT

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

March 31, 2020

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, 2019, 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 51 to 125.

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, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

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 debts owing by the associate and joint venture to the Group **(Refer to Notes 3.2.4 and 3.2.5 to the financial statements.)** As at December 31, 2019, 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 the associate, as well as all receivables from the associate apart from an amount of $0.8 million as at December 31, 2019. The Group has not impaired receivables of $0.8 million and $27.6 million from the associate and joint venture respectively as it is the expectation that these receivables are recoverable. Assessments on exposure to payment obligations to the bank under the joint and several corporate guarantees; and the ability to recover the receivables are dependent on: (a) estimates of net cash flows from future sales of properties; (b) the assumption that no further funds are required from the Group for development of the undeveloped land held by the associate; and (c) the assumption that the joint guarantor will provide 50% of the required funds to match the amounts to be provided by the Group, for payment of bank loan instalments 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters	Our audit performed and responses thereon
Valuation of development properties **(Refer to Note 11 to the financial statements.)** The Group's development properties totalling $264.7 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 totalling $235.2 million, 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

Key Audit Matters	Our audit performed and responses thereon
Accounting for construction contracts **(Refer to Notes 3.2.1, 10, 23 and 26 to the financial statements)** Construction projects contributed \$138.8 million of the Group's revenue for the year ended December 31, 2019. The Group recognised revenue over time for its construction contracts using the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue. Consequently, estimates of total budgeted costs for each project impacts revenue and profits recognised, and the carrying amounts of contract assets and contract liabilities in the statement of financial position. Provisions for onerous contract are recognised on an individual project basis whenever total budgeted costs exceed the contract sum, after any adjustments for variations, omissions and variable consideration.	We performed the following: • Obtained an understanding of management's costing and budgeting processes in estimating contract revenues, costs and profit margins; • Evaluated appropriateness of accounting for revenue and contract modifications in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*; • Assessed the adequacy of amount of liquidated damages to be netted against contract sums when projects are delayed; • Assessed the reasonableness of cost inputs used by management in estimating the total contract costs for each project; • Verified costs incurred against underlying supporting documents; • Recomputed percentage of completion applied by management for each project and the resultant contract revenue for the current financial year; and • Evaluated the adequacy of provision for onerous contract when the unavoidable costs of meeting the obligation under a contract exceed the economic benefits expected to be received. We also considered the adequacy of the disclosures for revenue recognition and contract balances.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

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

March 31, 2020

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Current assets					
Cash and bank balances	6	**32,859**	41,213	**118**	3,565
Trade and other receivables	7	**61,138**	38,220	**25,007**	23,342
Deposits and prepayments	8	**11,081**	4,551	**6**	8
Inventories	9	**8,122**	7,040	**–**	–
Contract assets	10	**48,980**	26,908	**–**	–
Development properties	11	**264,681**	233,061	**–**	–
Total current assets		**426,861**	350,993	**25,131**	26,915
Non-current assets					
Property, plant and equipment	12	**55,823**	55,462	**–**	–
Investment properties	13	**235,159**	235,943	**–**	–
Goodwill	14	**2,595**	2,595	**–**	–
Subsidiaries	15	**–**	–	**91,965**	91,965
Associates and joint ventures	16	**17,192**	16,838	**–**	–
Other non-current assets	17	**382**	396	**–**	–
Trade and other receivables	7	**55,216**	47,104	**107,597**	102,129
Total non-current assets		**366,367**	358,338	**199,562**	194,094
Total assets		**793,228**	709,331	**224,693**	221,009
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	19	**193,082**	132,860	**5,000**	20,000
Trade and other payables	20	**115,106**	83,007	**25,833**	16,924
Current portion of finance leases	21	**–**	316	**–**	–
Lease liabilities	21	**944**	–	**–**	–
Contract liabilities	23	**76,625**	46,189	**–**	–
Income tax payable		**1,237**	314	**–**	–
Total current liabilities		**386,994**	262,686	**30,833**	36,924
Non-current liabilities					
Borrowings	19	**165,308**	212,765	**7,500**	–
Trade and other payables	20	**56,734**	40,834	**–**	–
Lease liabilities	21	**1,317**	–	**–**	–
Finance leases	21	**–**	307	**–**	–
Term notes	22	**26,929**	26,884	**26,929**	26,884
Deferred tax liabilities	18	**294**	280	**–**	–
Total non-current liabilities		**250,582**	281,070	**34,429**	26,884
Capital, reserves and non-controlling interest					
Share capital	24	**154,189**	154,189	**154,189**	154,189
Reserves	25	**675**	675	**31**	31
Translation reserves		**188**	(770)	**–**	–
Retained earnings		**7,232**	18,289	**5,211**	2,981
Equity attributable to owners of the Company		**162,284**	172,383	**159,431**	157,201
Non-controlling interests		**(6,632)**	(6,808)	**–**	–
Total equity		**155,652**	165,575	**159,431**	157,201
Total liabilities and equity		**793,228**	709,331	**224,693**	221,009

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	26	**198,221**	134,800
Cost of sales		**(162,947)**	(105,673)
Gross profit		**35,274**	29,127
Other income	27	**5,583**	3,319
Selling and distribution costs		**(3,000)**	(1,464)
General and administrative expenses		**(21,483)**	(20,392)
Other operating expenses	28	**(11,173)**	(11,995)
Share of profit of associates and joint ventures		**678**	440
Finance costs	29	**(15,540)**	(12,946)
Loss before income tax		**(9,661)**	(13,911)
Income tax (expense) credit	30	**(1,120)**	833
Loss for the year	31	**(10,781)**	(13,078)
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**938**	(1,039)
Share of other comprehensive loss of associates and joint ventures		**(1)**	(174)
		937	(1,213)
Total comprehensive loss for the year		**(9,844)**	(14,291)
(Loss) Profit attributable to:			
Owners of the Company		**(11,057)**	(14,919)
Non-controlling interests		**276**	1,841
		(10,781)	(13,078)
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(10,099)**	(16,156)
Non-controlling interests		**255**	1,865
		(9,844)	(14,291)
Loss per share (cents):			
Basic and diluted	32	**(2.1)**	(2.9)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2019

	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	24	3,798	–	–	–	3,798	–	3,798
Dividends paid:	34							
– 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, 2019

	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, 2019		**154,189**	**675**	**(770)**	**18,289**	**172,383**	**(6,808)**	**165,575**
Total comprehensive (loss) income for the year:								
(Loss) Profit for the year		–	–	–	(11,057)	(11,057)	276	(10,781)
Other comprehensive income (loss) for the year		–	–	958	–	958	(21)	937
Total		–	–	958	(11,057)	(10,099)	255	(9,844)
Transactions with owners, recognised directly in equity:								
Proceeds from issues of shares to non-controlling shareholders		–	–	–	–	–	8	8
Dividends paid to non-controlling shareholders		–	–	–	–	–	(87)	(87)
Total		–	–	–	–	–	(79)	(79)
Balance at December 31, 2019		**154,189**	**675**	**188**	**7,232**	**162,284**	**(6,632)**	**155,652**

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2019

	Note	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Company					
Balance at January 1, 2018		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	24	3,798	–	–	3,798
Dividends paid:	34				
– 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
Total comprehensive income for the year:					
Profit for the year, representing total comprehensive income for the year		–	–	2,230	2,230
Balance at December 31, 2019		154,189	31	5,211	159,431

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2019

	Group	
	2019	2018
	$'000	$'000
Operating activities		
Loss before income tax	**(9,661)**	(13,911)
Adjustments for:		
Depreciation expenses	**7,365**	6,328
Share of profit of associates and joint ventures	**(678)**	(440)
Impairment loss on development properties	**–**	566
Impairment loss on other non-current assets	**14**	5
Fair value change in financial derivative instrument	**–**	4
Loss in fair value of investment properties	**932**	432
Gain on disposal of property, plant and equipment	**(29)**	(64)
Property, plant and equipment written off	**263**	6
Finance costs	**15,540**	12,946
Interest income	**(1,638)**	(1,176)
Deemed interest income on retention amounts	**–**	(91)
Impairment loss recognised on financial assets	**396**	1,660
Operating cash flows before movements in working capital	**12,504**	6,265
Trade and other receivables	**(26,829)**	19,534
Deposits and prepayments	**(4,027)**	(1,921)
Inventories	**(1,082)**	(1,464)
Contract assets	**(22,072)**	4,182
Development properties	**(25,084)**	(43,401)
Trade and other payables	**41,085**	(8,199)
Contract liabilities	**26,673**	12,570
Cash generated from (used in) operations	**1,168**	(12,434)
Income tax paid	**(182)**	(308)
Interest paid	**(16,878)**	(14,904)
Net cash used in operating activities	**(15,892)**	(27,646)
Investing activities		
Interest received	**1,638**	1,176
Purchase of property, plant and equipment [Note 12 (b)]	**(5,270)**	(6,455)
Proceeds from disposal of property, plant and equipment	**34**	189
Advances to associates and joint ventures	**(6,585)**	(18,887)
Additional investment in associates and joint ventures	**–**	(600)
Dividends received from joint ventures	**323**	227
Net cash used in investing activities	**(9,860)**	(24,350)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2019

	Group	
	2019	2018
	$'000	$'000
Financing activities		
Advance from an associate	**5,930**	9,600
Proceeds from borrowings	**91,264**	121,619
Proceeds from term notes	**–**	27,000
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	**8**	200
Repayment of term notes	**–**	(40,000)
Repayment of borrowings	**(79,172)**	(108,581)
Repayment of principal portion of lease liabilities (2018: Finance leases)	**(1,225)**	(493)
Pledged fixed deposits	**(98)**	(1,864)
Dividends paid to non-controlling shareholders	**(87)**	(87)
Dividends paid	**–**	(1,202)
Net cash from financing activities	**16,620**	6,192
Net decrease in cash and cash equivalents	**(9,132)**	(45,804)
Cash and cash equivalents at beginning of the year	**33,781**	79,092
Effect of exchange rate changes	**(38)**	493
Cash and cash equivalents at end of the year	**24,611**	33,781

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

Cash and bank balances (Note 6)	**26,569**	31,816
Fixed deposits (Note 6)	**6,290**	9,397
	32,859	41,213
Less: Pledged fixed deposits (Note 6)	**(7,530)**	(7,432)
Less: Bank overdraft (Note 19)	**(718)**	–
Cash and cash equivalents at end of the year	**24,611**	33,781

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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, 2019 were authorised for issue by the Board of Directors on March 31, 2020.

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) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- Does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets (except for right-of-use assets that meet the definition of investment property) and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from January 1, 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on January 1, 2019 is 3.9%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group 2019 $'000
Operating lease commitments at December 31, 2018	**3,181**
Less: Short-term leases and leases of low value assets	**(126)**
Less: Effect of discounting the above amounts	**(93)**
Add: Finance lease liabilities recognised under SFRS(I) 1-17 at December 31, 2018	**623**
Less: Present value of the variable payments that depend on a rate or index	**(438)**
Lease liabilities recognised at January 1, 2019	**3,147**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $2,376,000 and $148,000 were recognised as part of property, plant and equipment (Note 12) and investment properties (Note 13) respectively on January 1, 2019.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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.

Financial assets

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

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

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

Despite the 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; or

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

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Derivative financial instruments

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 (Before January 1, 2019) – 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Leases (from January 1, 2019)

The Group as lessor

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

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

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

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

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

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

The Group as lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The requirements of SFRS(I) 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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 systems (“ACMV”)

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

(iii) General builders and general engineering

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Manufacturing of precast components

The Group manufactures concrete precast components for the building industry.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 for which associated revenue is not recognised over time, development of investment properties or properties are added to the cost of the projects or assets.

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

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.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

3.1 Critical judgements in applying the Group's accounting policies (Continued)

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.

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 profit or loss (included in cost of sales).

The above judgements and estimates affect the amount of revenue recognised (Note 26), 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

3.2 Key sources of estimation uncertainty (Continued)

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 Expected credit losses of trade and other receivables and contract assets

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

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

3.2.4 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.

The investment in DSPDS remained fully impaired as at December 31, 2019 and 2018 based on management's assessment, which takes into consideration the market value of unsold units and undeveloped land.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

3.2 Key sources of estimation uncertainty (Continued)

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

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

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of $26,542,000 (2018: $26,542,000) for impairment of receivables from DSPDS. As at December 31, 2019, the Group has receivable amounting to $825,000 (2018: $Nil) from DSPDS for which management has assessed to be recoverable based on the estimated selling price of DSPDC's remaining unsold properties.

(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, 2019, non-current receivables of the Group include $27,562,000 (2018: $24,206,000) 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).

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, 2019, DBOP has receivables (including interest income receivable) amounting to RMB47.2 million (equivalent to $9.1 million) (2018: RMB45.7 million (equivalent to $9.1 million)) from DSPDC relating to the refund. This receivable is determined to be recoverable. Management had evaluated and concluded that the cancellation of the SPAs had no material impact to the financial statements of the Group.

Rights of usage of carparks bought by DBOP have not been transferred as at December 31, 2019.

After considering the financial position of SZI group and the valuation of the properties in the Development at December 31, 2019 by an independent valuer, management expects the amount of $27,562,000 (2018: $24,206,000) to be recoverable from SZI.

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 (the "Development"). At December 31, 2019, the outstanding bank loan of DSPDS was $11.4 million (2018: $14.4 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, 2019, the outstanding bank loan of SZI was $5.0 million (2018: $9.8 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 $16.4 million at December 31, 2019 (2018: $24.2 million).

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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) (Continued)

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, 2019.

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 the Development.

Based on the above assessment, management has made the judgement that (a) as of December 31, 2019, no provision for loss needs to be made in connection with the bank guarantees (2018: $Nil); and (b) with the full impairment since 2015 of the Group's investment in DSPDS, the Group discontinues recognition of any share of losses of DSPDS group.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**151,040**	128,360	**132,722**	129,036
Financial liabilities				
Financial liabilities at amortised cost	**559,420**	496,973	**65,262**	63,808

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.

(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 19 to the financial statements.

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

Interest rate sensitivity analysis

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

Had interest rates been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's development properties as at December 31, 2019 would have increased/decreased by $153,000 (2018: increased/decreased by $112,000); and the Group's loss before tax for the financial year ended December 31, 2019 would have increased/decreased by $1,639,000 (2018: increased/decreased by $1,585,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

The carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees 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.

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
2019						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**54,436**	**(4,528)**	**49,908**
Other receivables	7	(ii)	12-month ECL	**65,578**	–	**65,578**
Other receivables	7	(iii)	Lifetime ECL-credit impaired	**27,904**	**(27,079)**	**825**
Contract assets	10	(i)	Lifetime ECL (simplified approach)	**48,980**	–	**48,980**
				196,898	**(31,607)**	**165,291**
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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)

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2019						
Other receivables	7	(ii)	12-month ECL	**132,604**	**–**	**132,604**
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.

(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 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

(iv) Credit risk management (Continued)

At December 31, 2019, the maximum aggregate amount the Group can be liable under all the guarantees in Note 35 is approximately $21.3 million (2018: $30.4 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 19.

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

(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. The Company can obtain funding from its subsidiaries as and when required.

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.

Group	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
2019						
Non-interest bearing	–	**115,394**	–	–	–	**115,394**
Lease liabilities (fixed rate)	**5.5**	**1,019**	**1,331**	**110**	**(199)**	**2,261**
Fixed interest rate instruments	**5.0**	**56,446**	**31,089**	–	**(4,159)**	**83,376**
Variable interest rate instruments	**2.7**	**207,316**	**103,431**	**57,429**	**(9,787)**	**358,389**
		380,175	**135,851**	**57,539**	**(14,145)**	**559,420**
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 liabilities (Continued)

Company	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
2019						
Non-interest bearing	**–**	**53**	**–**	**–**	**–**	**53**
Fixed interest rate instruments	**6.2**	**26,489**	**29,472**	**–**	**(3,252)**	**52,709**
Variable interest rate instruments	**3.4**	**13,075**	**–**	**–**	**(575)**	**12,500**
		39,617	**29,472**	**–**	**(3,827)**	**65,262**
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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.

Group	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
2019						
Non-interest bearing	–	**94,827**	–	–	–	**94,827**
Fixed interest rate instruments	**0.6**	**6,329**	–	–	**(39)**	**6,290**
Variable interest rate instruments	**2.5**	**51,170**	–	–	**(1,247)**	**49,923**
		152,326	–	–	**(1,286)**	**151,040**
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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)

Company	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
2019						
Non-interest bearing	–	**23,853**	–	–	–	**23,853**
Variable interest rate instruments	**3.4**	**112,571**	–	–	**(3,702)**	**108,869**
		136,424	–	–	**(3,702)**	**132,722**
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

(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.

(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 19), lease liabilities (Note 21) and term notes (Note 22).

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 required financial ratio covenant for a bank loan amounting to $68.2 million was not met as at December 31, 2019 but the bank grants accommodation of the covenant not met as the Group rectified the covenant not met subsequent to year end. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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	
	2019	2018
	$'000	$'000
Income from associates		
Construction revenue	**51**	913
Accounting and administrative services	**72**	72
Income from joint ventures		
Interest income	**1,204**	1,004
Income from/(Expenses charged by) companies in which certain directors have control		
Sales and service of air-conditioners	**19**	35
Maintenance income	**5**	141
Management fee income	**470**	544
Rental income	**76**	74
Worker management services	**(80)**	(80)
Medical fee expense	**(75)**	(58)
Miscellaneous expenses	**(238)**	(129)
Dormitory rental expense	**(289)**	(161)
Purchase of furniture and fittings	**(449)**	–
Interest expense	**(525)**	(227)

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. As at 31 December 2019 and 2018, no revenue has been recognised in respect of this sale as the revenue of these development properties is recognised at point in time.

	Group	
	2019	2018
	$'000	$'000
Directors		
Subscription of medium term notes	**–**	6,250
Interest expense	**(375)**	(208)
Key management personnel		
Subscription of medium term notes	**–**	250
Interest expense	**(15)**	(13)

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

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

	Group	
	2019	2018
	$'000	$'000
Short-term benefits	**3,917**	3,853

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

6 CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**26,569**	31,816	**118**	1,565
Fixed deposits	**6,290**	9,397	**–**	2,000
	32,859	41,213	**118**	3,565
Less: Pledged fixed deposits	**(7,530)**	(7,432)	**–**	–
Less: Bank overdraft (Note 19)	**(718)**	–	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**24,611**	33,781	**118**	3,565

Fixed deposits earn interest ranging from 0.15% to 1.95% (2018: 0.15% to 1.75%) per annum. Tenure for pledged fixed deposits range from 6 to 12 months (2018: 1 to 36 months).

Included in the cash and bank balances of the Group is an amount of $1,324,000 (2018: $2,981,000) 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables from:				
Sale of goods and services	**8,651**	9,774	–	–
Property development customers	**7,560**	4,452	–	–
Construction contract customers	**36,998**	10,979	–	–
Associates (Note 5)	**112**	57	–	–
Joint ventures (Note 5)	**1,063**	3,410	–	–
Companies in which certain directors have control (Note 5)	**52**	43	–	–
Less: Loss allowance				
– Associates (Note 5)	**(57)**	(57)	–	–
– Third parties	**(4,471)**	(4,075)	–	–
	49,908	24,583	–	–
Other receivables due from:				
Third parties	**1,010**	3,326	**14**	35
Associates (Note 5)	**55,715**	51,552	–	–
Joint ventures (Note 5)	**36,746**	32,842	–	–
Less: Loss allowance				
– Third parties	**(237)**	(237)	–	–
– Associates (Note 5)	**(26,842)**	(26,842)	–	–
Companies in which certain directors have control (Note 5)	**11**	34	–	–
Subsidiaries	–	–	**132,590**	125,436
	66,403	60,675	**132,604**	125,471
Staff loans	**43**	66	–	–
Total trade and other receivables	**116,354**	85,324	**132,604**	125,471
Current	**61,138**	38,220	**25,007**	23,342
Non-current	**55,216**	47,104	**107,597**	102,129
	116,354	85,324	**132,604**	125,471

7.1 Trade receivables

Credit periods generally range from 30 to 120 days (2018: 30 to 120). No interest is charged on overdue trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.1 Trade receivables (Continued)

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

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default $'000	Lifetime ECL $'000	Total $'000
2019				
Current (not past due)	*	**4,386**	–	**4,386**
1 to 90 days past due	*	**33,038**	–	**33,038**
91 to 180 days past due	**1.5**	**2,442**	**(37)**	**2,405**
181 to 360 days past due	**4.9**	**1,212**	**(60)**	**1,152**
More than 360 days past due	**33.2**	**13,358**	**(4,431)**	**8,927**
		54,436	**(4,528)**	**49,908**
2018				
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 $1,208,000 (2018: $2,205,000) from which deposits were received and included in "Trade and other payables" (Note 20).

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
Loss allowance recognised in profit or loss during the year	396
Balance as at December 31, 2019	**4,528**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.2 Other receivables

Interest is charged at 2.5% to 6.8% (2018: 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 and 2019	27,079

8 DEPOSITS AND PREPAYMENTS

	Group		**Company**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Deposits placed with third parties	**1,827**	1,823	–	–
Prepayments	**9,254**	2,728	**6**	8
	11,081	4,551	**6**	8

9 INVENTORIES

	Group	
	2019	2018
	$'000	$'000
Finished goods	**6,925**	6,265
Raw materials	**1,197**	775
	8,122	7,040

The cost of inventories recognised as an expense for the financial year amounted to $26,519,000 (2018: $27,513,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

10 CONTRACT ASSETS

	Group	
	2019	2018
	$'000	$'000
Retention monies on contract work:		
– Third parties	**12,552**	14,343
Accrued income:		
– Construction contract customers	**36,420**	12,559
– Others	**8**	6
	48,980	26,908

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% (2018: 5%) per annum. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

Significant changes in contract assets in the current year are due to changes in measurement of progress contract asset which have not been billed as at December 31, 2019. For the preceding year ended December 31, 2018, the changes in contract assets were mainly due to retention receivables billed and transferred to trade receivables during the 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.

11 DEVELOPMENT PROPERTIES

	Group	
	2019	2018
	$'000	$'000
Completed properties held for sale	**124,083**	123,653
Properties under development:		
Unsold units	**135,361**	104,606
Contract costs [Note (i)]	**5,237**	4,802
	140,598	109,408
	264,681	233,061

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 19) amounted to $260,881,000 (2018: $233,061,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

11 DEVELOPMENT PROPERTIES (CONTINUED)

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

	Group	
	2019	2018
	$'000	$'000
Property tax capitalised	**98**	136
Interest expense capitalised (Note 29)	**5,552**	3,913
Impairment loss on development properties	**–**	566

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	
	2019	2018
	$'000	$'000
Balance at beginning of year	**4,802**	4,432
Additions	**435**	370
Balance at end of year	**5,237**	4,802

The weighted average rate of capitalisation of the interest expenses for the financial year ended December 31, 2019 is 5.38% (2018: 1.8%) per annum.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

11 DEVELOPMENT PROPERTIES (CONTINUED)

Particulars of the development properties as at December 31, 2019 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)	Khlong Luang District Pathum Thani, Thailand	1,349*	Completed	Freehold	16,000
iResidence (Serviced Apartment)	Khlong Luang District Pathum Thani, Thailand	3,399*	Completed	Freehold	1,586
Commercial and residential	Khlong Sam District Pathum Thani, Thailand	48,335**	End-2020**	Freehold	89,580
Property in Cambodia					
The Gateway (Commercial and residential)	Russian Boulevard, Phnom Penh, Cambodia	70,600	Mid-2020	Freehold	6,072

* Area of completed units yet to be sold.

** Except for Phase 1, the remaining phases' development plans have not been finalised. Phase 1 is expected to be completed towards the end of 2020.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold properties $'000	Properties under construction $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Cost:						
At January 1, 2018	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
Adoption of SFRS(I) 16 (Note 2)	–	1,435	–	774	167	2,376
Adjusted balance at January 1, 2019	9,450	50,808	1,609	35,261	7,866	104,994
Additions	659	28	–	4,466	456	5,609
Transfer from properties under construction	1,058	43	(1,101)	–	–	–
Exchange differences	(81)	47	–	23	44	33
Written off	–	–	–	(592)	–	(592)
Disposals	–	–	–	(2)	(107)	(109)
At December 31, 2019	**11,086**	**50,926**	**508**	**39,156**	**8,259**	**109,935**
Accumulated depreciation:						
At January 1, 2018	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
Depreciation	292	2,491	–	3,499	1,083	7,365
Exchange differences	–	31	–	(34)	27	24
Written off	–	–	–	(329)	–	(329)
Disposals	–	–	–	(2)	(102)	(104)
At December 31, 2019	**1,577**	**14,959**	**–**	**31,267**	**6,309**	**54,112**
Carrying amount:						
At December 31, 2019	**9,509**	**35,967**	**508**	**7,889**	**1,950**	**55,823**
At December 31, 2018	8,165	36,936	1,609	6,354	2,398	55,462

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Carrying amount at December 31, 2019 $'000	Depreciation during the year ended December 31, 2019 $'000
Plant and equipment	**406**	**448**
Motor vehicles	**1,001**	**427**
Leasehold properties	**35,967**	**2,491**
Total	**37,374**	**3,366**

Additions to ROU assets amounted to $460,000 for the year ended December 31, 2019. In addition, leasehold properties amounting to $36,936,000 as at January 1, 2019 are considered right-of-use assets upon adoption of SFRS(I) 16.

(b) Cash payments of $5,270,000 (2018: $6,455,000) were made to purchase property, plant and equipment during the year.

(c) Certain leasehold properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 19).

(d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh, #03-01 to #03-05, #03-07 to #03-10, #03-13 and #03-16 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13 INVESTMENT PROPERTIES

	Group 2019 $'000	Group 2018 $'000
At fair value		
Balance at beginning of the year	**235,943**	236,375
Adoption of SFRS(I) 16 (Note 2)	**148**	–
Adjusted balance at beginning of the year	**236,091**	236,375
Changes in fair value included in profit or loss	**(932)**	(432)
Balance at end of the year	**235,159**	235,943

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, #03-12, #03-14, #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

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, 2019 and 2018 are classified as Level 3 in the fair value hierarchy, as defined in Note 2 to the financial statements.

13 INVESTMENT PROPERTIES (CONTINUED)

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 (Adjusted price per square metre)[1]	$10,700 to $26,200 (2018: $10,000 to $26,200)	$9,700 to $20,000 (2018: $9,700 to $20,000)	$78 (2018: $166)	Average of $3,200 (2018: average of $3,300)
Income capitalisation method	Capitalisation rate[2]	NA	NA	NA	7.5% (2018: 7.5%)

NA: Not applicable.

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

Certain investment properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 19).

Rental income from the Group's investment properties amounted to $22,527,000 (2018: $19,618,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to $4,428,000 (2018: $4,073,000).

14 GOODWILL

	Group	
	2019	2018
	$'000	$'000
At cost	**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	
	2019	2018
	$'000	$'000
Cash-generating units		
Tiong Aik Resources (S) Pte Ltd and its subsidiary	**1,728**	1,728
Sino Tac Resources Pte Ltd	**835**	835
Others	**32**	32
	2,595	2,595

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

Management expects Tiong Aik Resources (S) Pte Ltd and Sino Tac Resources Pte Ltd to be profitable. The recoverable amounts of these cash generating units are in excess of their respective carrying amounts as at December 31, 2019 and 2018.

Goodwill of other CGUs are immaterial.

NOTES TO FINANCIAL STATEMENTS

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15 SUBSIDIARIES

	Company 2019 $'000	Company 2018 $'000
Unquoted equity shares at cost	**116,965**	116,965
Less: Allowance for impairment	**(25,000)**	(25,000)
	91,965	91,965

The Company carried out a review of the recoverable amounts of the investments in subsidiaries based on fair value less costs to sell in previous year and recorded an impairment of $25,000,000. No additional impairment losses were recognised for the years ended December 31, 2019 and 2018.

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 2019 %	2018 %
Aston Air Control Pte Ltd	Installation and contractor for servicing of air conditioning systems/Singapore	**90**	90
Sino Holdings (S'pore) Pte Ltd	Investment holding/Singapore	**100**	100
TA Builders Pte. Ltd. (formerly known as SinoTac Builder's (S) Pte Ltd)	Building construction/Singapore	**100**	100
Tiong Aik Construction Pte Ltd	Building construction/Singapore	**100**	100
Tiong Aik Investments Pte Ltd	Real estate development/Singapore	**100**	100
Sino Tac Resources Pte Ltd	Trading in lubricants/Singapore	**100**	100
Held by Sino Holdings (S'pore) Pte Ltd			
TA Realty Pte. Ltd.	Real estate development/Singapore	**100**	100
Nexus Point Investments Pte. Ltd.	Dormitory operator/Singapore	**62**	62
Sireerin Signature Co., Ltd(1)	Real estate development/Thailand	**70**	70
Invest (CR) Pte. Ltd.	Investment holding/Singapore	**85**	85
Prime Industries Pre-cast Pte. Ltd.	Structural works, specialised construction and related activities/Singapore	**100**	100
Pure Genesis Sdn. Bhd.(2)	Manufacturer in pre-cast, pre-stressed reinforced concrete products/Malaysia	**100**	100
Que Holdings Pte. Ltd.	Trading in lubricants/Singapore	**51**	51

15 SUBSIDIARIES (CONTINUED)

Name of significant subsidiaries	Principal activities/Country of incorporation and operations	Group's proportion of ownership interest and voting power held 2019 %	2018 %
Held by Invest (CR) Pte. Ltd.			
TACC (C.R) Ltd.[3]	Real estate development/Cambodia	**72.25**	72.25
Held by TA Builders Pte. Ltd. (formerly known as SinoTac Builder's (S) Pte Ltd)			
Quest Homes Pte. Ltd.	Real estate development/Singapore	**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
Held by Que Holdings Pte. Ltd.			
TA Resources Myanmar Company Limited[4]	Trading in lubricants/Myanmar	**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 2019 $'000	2018 $'000
Associates		
Cost of investment in associates	**10,674**	10,674
Allowance for impairment in an associate	**(4,811)**	(4,811)
Share of post-acquisition losses, net of dividend received	**(1,582)**	(1,177)
	4,281	4,686
Joint ventures		
Cost of investment in joint ventures	**12,189**	12,189
Share of post-acquisition losses, net of dividend received	**(1,494)**	(2,253)
	10,695	9,936
Interest in an unincorporated joint venture	**2,216**	2,216
Total of associates and joint ventures	**17,192**	16,838

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

(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 2019 %	2018 %	Proportion of ownership and voting power held 2019 %	2018 %
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
Dalian Shicheng Property Development (S) Pte. Ltd.[(1)]	Investment holding/ Singapore	**25.37**	25.37	**25.37**	25.37
FSKH Development Pte. Ltd.[(2)]	Real estate development/ Singapore	**20**	20	**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	**Refer to footnote[(4)]**	

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December 31, 2019

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	
		2019	2018	**2019**	2018
		%	%	**%**	%
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
Eternal Synergy Pte. Ltd.[5]	Trading/Singapore	**50**	50	**50**	50
Synergy Truck Pte. Ltd.[5]	Trading/Singapore	**50**	50	**50**	50
Held by Soon Zhou Investments Pte. Ltd.					
Blue Oasis Investments Pte. Ltd.[1]	Investment holding/ Singapore	**50**	50	**50**	50
Dalian Blue Oasis Properties Co., Ltd.[3]	Investment holding/ People's Republic of China	**50**	50	**50**	50
Held by Synergy Truck Pte. Ltd.					
Myanmar Synergy Company Limited[6]	Trading/Myanmar	**50**	50	**50**	50
Held by Eternal Synergy Pte. Ltd.					
Eternal Company Limited[6]	Trading/Myanmar	**50**	50	**50**	50

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

(1) Audited by Deloitte & Touche LLP, Singapore.

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

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

(4) Dalian Shicheng Property Development (S) Pte. Ltd., a 25.37% (2018: 25.37%) held associate, holds 100% (2018: 100%) of the equity interest in Dalian Shicheng Property Development Co., Ltd.

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

(6) The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purposes.

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December 31, 2019

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

	2019 **$'000**	2018 $'000
Current assets	**25,177**	30,213
Non-current assets	**506**	758
Current liabilities	**(17,122)**	(22,782)
Equity	**8,561**	8,189
Other income	**450**	429
Profit for the year, representing total comprehensive income for the year	**372**	1,546

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:

	2019 **$'000**	2018 $'000
Net assets of the associate	**8,561**	8,189
Proportion of the Group's ownership in the associate	**50%**	50%
Carrying amount of the Group's interest in the associate	**4,281**	4,095

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

	2019 **$'000**	2018 $'000
Current assets	**32,278**	38,099
Non-current assets	**33**	51
Current liabilities	**(110,367)**	(111,323)
Capital deficiency	**(78,056)**	(73,173)
Revenue	**3,306**	36,979
(Loss) Profit for the year	**(3,827)**	3,634
Other comprehensive (loss) income for the year	**(1,056)**	1,700
Total comprehensive (loss) income for the year	**(4,883)**	5,334

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)

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:

	2019	2018
	$'000	$'000
Net liabilities of the associate	**(78,056)**	(73,173)
Proportion of the Group's ownership in the associate	**25.37%**	25.37%
	(19,803)	(18,564)
Pre-acquisition losses not recorded by the Group	**8,007**	8,007
	(11,796)	(10,557)
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	**(11,796)**	(10,557)

At December 31, 2019 and 2018, management considers the amount of investment in DSPDS to be fully impaired as explained in Note 3.2.4 (a).

Aggregate information of other associates that are not individually material

	2019	2018
	$'000	$'000
Aggregate carrying amount of the Group's interests in these associates	**–**	591
Aggregate cumulative share of losses not recognised	**(215)**	(164)

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

	2019	2018
	$'000	$'000
Current assets	**35,182**	36,217
Non-current assets	**23,179**	24,920
Current liabilities	**(61,595)**	(16,109)
Non-current liabilities	**(675)**	(44,473)
(Capital deficiency) Equity	**(3,909)**	555
Revenue	**–**	1,221
(Loss) Profit for the year	**(5,922)**	2,829
Other comprehensive income (loss) for the year	**1,458**	(1,215)
Total comprehensive (loss) income for the year	**(4,464)**	1,614

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December 31, 2019

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)

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

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:

	2019	2018
	$'000	$'000
Net (liabilities) assets of the joint venture	**(3,909)**	555
Proportion of the Group's ownership in the joint venture	**50%**	50%
	(1,955)	278
Carrying amount of the Group's interest in the joint venture	**–**	278
Cumulative share of losses not recognised	**(1,955)**	–

Synergy Truck Pte. Ltd. and its subsidiary

	2019	2018
	$'000	$'000
Current assets	**29,722**	27,354
Non-current assets	**5,067**	4,887
Current liabilities	**(25,113)**	(23,247)
Equity	**9,676**	8,994
Revenue	**18,057**	11,209
Profit (Loss) for the year	**793**	(1,189)
Other comprehensive (loss) income for the year	**(111)**	188
Total comprehensive income (loss) for the year	**682**	(1,001)

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:

	2019	2018
	$'000	$'000
Net assets of the joint venture	**9,676**	8,994
Proportion of the Group's ownership in the joint venture	**50%**	50%
	4,838	4,497
Premium paid on acquisition	**426**	426
Carrying amount of the Group's interest in the joint venture	**5,264**	4,923

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December 31, 2019

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)

Eternal Synergy Pte. Ltd. and its subsidiary

	2019 $'000	2018 $'000
Current assets	**12,511**	12,136
Non-current assets	**185**	306
Current liabilities	**(7,876)**	(8,127)
Equity	**4,820**	4,315
Revenue	**13,424**	14,106
Profit for the year	**464**	148
Other comprehensive income (loss) for the year	**54**	(353)
Total comprehensive income (loss) for the year	**518**	(205)
Dividends received from the joint venture during the year	**7**	7

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:

	2019 $'000	2018 $'000
Net assets of the joint venture	**4,820**	4,315
Proportion of the Group's ownership in the joint venture	**50%**	50%
	2,410	2,158
Premium paid on acquisition	**2,073**	2,073
Carrying amount of the Group's interest in the joint venture	**4,483**	4,231

Aggregate information of joint ventures that are not individually material

	2019 $'000	2018 $'000
The Group's share of profit (loss) for the year	**732**	(82)
The Group's share of other comprehensive income (loss)	**28**	(91)
The Group's share of total comprehensive income (loss)	**760**	(173)
Dividends received from the joint venture during the year	**316**	220
Aggregate carrying amount of the Group's interests in these joint ventures	**948**	504
Cumulative share of losses not recognised	**(1,056)**	(445)

(c) 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

17 OTHER NON-CURRENT ASSETS

	Group	
	2019	2018
	$'000	$'000
Club memberships, at cost	**416**	416
Less: Allowance for impairment loss	**(34)**	(20)
	382	396

18 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, 2018	266
Charge to profit or loss (Note 30)	14
At December 31, 2018	280
Charge to profit or loss (Note 30)	14
At December 31, 2019	**294**

19 BORROWINGS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Unsecured				
Bank loans	**1,600**	9,900	**–**	–
Invoice financing	**1,415**	879	**–**	–
Secured				
Invoice financing	**4,738**	5,984	**–**	–
Bank overdraft (Note 6)	**718**	–	**–**	–
Bank loans	**349,919**	328,862	**12,500**	20,000
	358,390	345,625	**12,500**	20,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(193,082)**	(132,860)	**(5,000)**	(20,000)
Amount due for settlement after 12 months	**165,308**	212,765	**7,500**	–

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.

19 BORROWINGS (CONTINUED)

The Group has the following secured bank loans:

(a) Loans of $152,440,000 (2018: $167,045,000) are secured by mortgages over the Group's investment properties (Note 13) and certain fixed deposits.

(b) Loans of $133,026,000 (2018: $132,424,000) are secured by mortgages over the Group's development properties (Note 11).

(c) Loans of $25,416,000 (2018: $18,976,000) are secured by mortgages over the Group's properties (Note 12).

(d) Loans of $13,417,000 (2018: $2,417,000) are secured by the Group's corporate guarantees and all proceeds in the operating bank accounts.

(e) Loans of $25,620,000 (2018: $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.

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, 2019 $'000	Adoption of SFRS(I) 16 $'000	Financing cash flows[i] $'000	New lease liabilities $'000	Other changes[ii] $'000	December 31, 2019 $'000
Bank loans (Note 19)	338,762	–	12,084	–	673	351,519
Bank overdraft (Note 19)	–	–	718	–	–	718
Invoice financing (Note 19)	6,863	–	(710)	–	–	6,153
Lease liabilities (Note 21)	–	3,147	(1,225)	460	(121)	2,261
Finance leases (Note 21)	623	(623)	–	–	–	–
Term notes (Note 22)	26,884	–	–	–	45	26,929
Advance from associates (Note 20)	8,158	–	5,930	–	272	14,360
	381,290	2,524	16,797	460	869	401,940

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December 31, 2019

19 BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (Continued)

	January 1, 2018 $'000	Financing cash flows[(i)] $'000	Other changes[(ii)] $'000	December 31, 2018 $'000
Bank loans (Note 19)	316,296	22,392	74	338,762
Invoice financing (Note 19)	16,217	(9,354)	–	6,863
Finance leases (Note 21)	928	(493)	188	623
Term notes (Note 22)	39,957	(13,000)	(73)	26,884
Advance from associates (Note 20)	34	9,600	(1,476)	8,158
	373,432	9,145	(1,287)	381,290

(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.

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade payables:				
Third parties	**59,232**	34,510	–	–
Companies in which certain directors have control (Note 5)	**13**	7	–	–
Other payables:				
Third parties	**4,102**	2,863	**1**	1
Subsidiaries (Note 5)	**–**	–	**13,721**	7,775
Associates (Note 5)	**14,360**	8,158	**11,117**	8,153
Companies in which certain directors have control (Note 5)	**146**	87	–	–
Non-controlling shareholders of subsidiaries	**62,835**	46,651	–	–
Accrued operating expenses	**7,003**	6,375	**994**	995
Accrued contract cost	**417**	349	–	–
Retention payables	**17,881**	18,727	–	–
Deposits received	**5,851**	6,114	–	–
Total trade and other payables	**171,840**	123,841	**25,833**	16,924
Current	**115,106**	83,007	**25,833**	16,924
Non-current	**56,734**	40,834	–	–
	171,840	123,841	**25,833**	16,924

The balances owing to related parties are unsecured and repayable on demand. Included in other payables due to non-controlling shareholders of subsidiaries is $40,900,000 (2018: $38,472,000) which bears average interest at 3.2% (2018: 3.1%) per annum. The Company's other payables to subsidiaries and associates bear interest of 2.5% per annum (2018: 2.5%). For the purpose of determining present value of retention monies, the discount rate is 5% (2018: 5%) per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

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21 LEASE LIABILITIES

	Group 2019 $'000
Maturity analysis:	
Within 1 year	**1,019**
Within 2 to 5 years	**1,331**
Year 6 onwards	**110**
	2,460
Less: Unearned interest	**(199)**
	2,261
Current	**944**
Non-current	**1,317**
	2,261

The average effective interest rate approximate 5.5% per annum. Interest rates are fixed at the contract rates.

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

The Group's obligations amounting to $417,000 (2018: $623,000) were secured by the lessor's title to the leased assets.

	Group	
	Minimum lease payments 2018 $'000	Present value of minimum lease payments 2018 $'000
Amounts payable under finance leases:		
Within 1 year	350	316
Within 2 to 5 years	349	307
	699	623
Less: Future finance charges	(76)	–
Present value of lease obligations	623	623
Less: Amount due for settlement within 12 months (shown under current liabilities)		(316)
Amount due for settlement after 12 months		307

The lease terms range from 2 to 9 years. The average effective interest rate approximates 6.1% per annum. Interest rates were fixed at the contract dates. All finance leases repayments were fixed with no contingent amount payable.

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22 TERM NOTES

	Group and Company	
	2019	2018
	$'000	$'000
Multi-currency term notes, net of issuance cost	**26,929**	26,884

The term notes are due on July 26, 2021 and bear interest at the fixed rate of 6.0% per annum. Interest is payable on a half-yearly basis.

23 CONTRACT LIABILITIES

	Group	
	2019	2018
	$'000	$'000
Construction contracts	**19,216**	355
Amounts received in advance for development properties	**57,409**	45,834
	76,625	46,189

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.

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

	2019	2018
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	(1,313)
Progress billing of construction contracts	**18,861**	–
Increases due to cash received, excluding amounts recognised as revenue during the year	**7,812**	13,883
Increases due to significant financing component (Note 29)	**3,763**	1,956
	30,436	14,526

24 SHARE CAPITAL

	Group and Company			
	2019	2018	**2019**	2018
	Number of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning of the year	**518,068,220**	499,983,810	**154,189**	150,391
Issue of shares pursuant to Scrip Dividend Scheme	–	18,084,410	–	3,798
At end of the year	**518,068,220**	518,068,220	**154,189**	154,189

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

In 2018, the Company allotted and issued 18,084,410 new ordinary shares at an issue price of $0.21 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 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.

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25 RESERVES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Capital reserve	**644**	644	**–**	–
Warrants reserve	**31**	31	**31**	31
	675	675	**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.

The warrants reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs. In 2017, the Company had issued and allotted 120,567,589 warrants, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.28 for each new share.

26 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 33).

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

	Group	
	2019	2018
	$'000	$'000
Revenue from:		
Construction		
– Construction contracts	**138,775**	77,802
– Sale of goods	**11,445**	7,898
– Worker training and other services	**3,465**	3,714
	153,685	89,414
Real estate investment		
– Rental of properties	**22,459**	19,505
Real estate development		
– Sale of development properties	**643**	757
Distribution		
– Sale of goods	**21,434**	25,124
	198,221	134,800
Timing of revenue recognition*		
At a point in time	**36,987**	37,493
Over time	**145,328**	83,129

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26 REVENUE (CONTINUED)

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.

	2019 $'000	2018 $'000
Construction contracts	**461,030**	601,161

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

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2019 will be recognised as revenue over the next 4 years (2018: 4 years).

* These disclosures under SFRS(I) 15 are not applicable to revenue from lease contracts amounting to $15,906,000 (2018: $14,178,000).

27 OTHER INCOME

	Group	
	2019 **$'000**	2018 $'000
Rental income	**2,701**	287
Management fee income from companies in which certain directors have control (Note 5)	**470**	544
Project management and administrative fee	**72**	72
Interest income	**434**	172
Interest income from joint ventures (Note 5)	**1,204**	1,004
Deemed interest income on retention amounts	**–**	91
Gain on disposal of property, plant and equipment	**29**	64
Grant from government	**45**	303
Other sundry income	**628**	782
	5,583	3,319

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December 31, 2019

28 OTHER OPERATING EXPENSES

	Group	
	2019	2018
	$'000	$'000
Depreciation expenses (Note 31)	**6,426**	5,946
Property tax and repair and maintenance	**1,329**	1,606
Impairment loss recognised on financial assets	**396**	1,660
Rental expenses	**695**	760
Net loss in fair value of investment properties	**932**	432
Impairment loss on development properties	**–**	566
Impairment loss on other non-current assets	**14**	5
Legal and professional fees	**628**	526
Fair value change in financial derivative instrument	**–**	4
Net foreign exchange losses	**16**	213
Property, plant and equipment written off	**263**	6
Trainers' fee	**53**	81
Others	**421**	190
	11,173	11,995

29 FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest on borrowings	**15,297**	13,588
Interest from a non-controlling interest	**1,461**	1,273
Interest on lease liabilities	**120**	–
Interest on obligations under finance leases	**–**	42
Deemed interest arising from significant financing component	**3,763**	1,956
Other finance cost	**451**	–
Total borrowing costs	**21,092**	16,859
Less: Amounts included as cost of development properties (Note 11)	**(5,552)**	(3,913)
	15,540	12,946

30 INCOME TAX EXPENSE (CREDIT)

	Group	
	2019	2018
	$'000	$'000
Current tax:		
– for the year	**1,234**	269
– overprovision in prior years	**(128)**	(1,116)
Deferred tax (Note 18)	**14**	14
	1,120	(833)

Income tax in Singapore is calculated at 17% (2018: 17%) of the estimated assessable loss for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

30 INCOME TAX EXPENSE (CREDIT) (CONTINUED)

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

	Group	
	2019	2018
	$'000	$'000
Loss before income tax	**(9,661)**	(13,911)
Tax credit at Singapore statutory rate of 17% (2018: 17%)	**(1,642)**	(2,365)
Tax effect of expenses that are not deductible in determining taxable profit	**1,428**	1,408
Effect of differences in tax rate in other jurisdictions	**33**	14
Deferred tax benefits not recognised	**1,882**	2,224
Deferred tax liabilities overprovided in prior year	**–**	(11)
Overprovision in prior years	**(128)**	(1,116)
Tax exempt income	**(117)**	(151)
Tax rebate	**–**	(40)
Utilisation of deferred tax benefits previously not recognised	**(339)**	(796)
Others	**3**	–
	1,120	(833)

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	
	2019	2018
	$'000	$'000
Balance at beginning of the year	**16,940**	13,460
Adjustment in respect of prior year	**(2,589)**	(4,921)
Addition during the year	**11,071**	13,081
Utilisation during the year	**(1,994)**	(4,680)
Balance at end of the year	**23,428**	16,940
Deferred tax benefit on above unrecorded	**3,983**	2,880

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.

31 LOSS FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2019	2018
	$'000	$'000
Depreciation expenses (Note 12)	**7,365**	6,328
Depreciation allocated to construction projects in progress	**(939)**	(382)
Depreciation charged as other operating expense (Note 28)	**6,426**	5,946
Cost of development properties recognised as cost of sales	**556**	486
Directors' remuneration:		
– of the Company	**2,438**	2,446
– of the subsidiaries	**1,096**	989
Employee benefits (excluding directors' remuneration)	**31,399**	21,156
Audit fees paid/payable to:		
– auditors of the Company	**320**	286
– other auditors	**22**	11
Non-audit fees paid/payable to auditors of the Company	**8**	12

32 LOSS PER SHARE

Loss per share of 2.1 cents per share for 2019 has been calculated based on the loss attributable to the owners of the Company of $11,057,000 and the weighted average number of 518,068,220 shares after allotment of new shares to eligible shareholders who have elected to participate in the Scrip Dividend Scheme (Note 24).

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 24).

There is no dilution of loss per share.

33 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.

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33 SEGMENT INFORMATION (CONTINUED)

Distribution

Sale and distribution of petroleum based lubricant products, automotive tyres and commercial vehicles.

Others

This comprises management and administration services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

All assets are allocated to reportable segments except for club memberships (Note 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
2019							
REVENUE							
External revenue	153,685	22,459	643	21,434	–	–	198,221
Inter-segment revenue	20,022	361	300	7,136	–	(27,819)	–
	173,707	22,820	943	28,570	–	(27,819)	198,221
RESULT							
Segment result	(6,239)	13,300	(4,328)	2,056	(548)	–	4,241
Interest income	307	1,290	6	35	–	–	1,638
Interest expense	(1,873)	(7,273)	(3,546)	(366)	(2,482)	–	(15,540)
(Loss) Profit before income tax	(7,805)	7,317	(7,868)	1,725	(3,030)	–	(9,661)
Income tax expense	(24)	(1,049)	(35)	(12)	–	–	(1,120)
(Loss) Profit for the year	(7,829)	6,268	(7,903)	1,713	(3,030)	–	(10,781)
STATEMENT OF FINANCIAL POSITION							
Segment assets	149,475	334,510	290,519	17,368	974	–	792,846
Unallocated corporate assets	382	–	–	–	–	–	382
Total assets	149,857	334,510	290,519	17,368	974	–	793,228
Segment liabilities	152,652	205,661	218,785	8,936	51,542	–	637,576
OTHER INFORMATION							
Additions to non-current assets	4,248	83	1,102	176	–	–	5,609
Associates and joint ventures	–	6,496	–	10,696	–	–	17,192
Depreciation expenses	5,156	474	1,329	406	–	–	7,365
Loss in fair value of investment properties	502	430	–	–	–	–	932
Impairment loss recognised on financial assets	204	67	–	125	–	–	396
Impairment loss on other non-current assets	14	–	–	–	–	–	14

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December 31, 2019

33 SEGMENT INFORMATION (CONTINUED)

Note

As disclosed in Note 2, the Group adopted SFRS (I) 16 from January 1, 2019. The adoption of this new leasing standard resulted in the recognition of right-of-use assets (Note 12) and lease liabilities (Note 21), which increased segment assets and liabilities as at December 31, 2019. Depreciation and finance cost have also increased consequently. The impact on depreciation and finance cost in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2019 are as follows:

	Depreciation* $'000	Finance Costs $'000
Construction	653	55
Real Estate Investment	5	–
Real Estate Development	439	27
Distribution	32	1
Total	1,129	83

* Excludes depreciation from right-of-use assets arising from leasehold properties as at January 1, 2019.

Comparative segment information has not been restated. Accordingly, the segment information disclosed for the item above is not entirely comparable to the information disclosed for prior year.

	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)

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December 31, 2019

33 SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Real estate investment $'000	Real estate development $'000	Distribution $'000	Others $'000	Elimination $'000	Total $'000
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 expenses	4,410	567	955	396	–	–	6,328
Loss in fair value of investment properties	417	15	–	–	–	–	432
Impairment loss on development properties	–	–	566	–	–	–	566
Impairment loss recognised on financial assets	718	665	109	168	–	–	1,660
Reversal of impairment loss on other non-current assets	5	–	–	–	–	–	5

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.

34 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 preceding financial year ended December 31, 2018, 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.

NOTES TO FINANCIAL STATEMENTS

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35 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, 2019 was $16.4 million (2018: $24.2 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, 2019 was $4.9 million (2018: $6.2 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, 2019 was $345.9 million (2018: $325.6 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 $28.0 million (2018: $31.3 million) and performance bonds/guarantees amounting to $35.1 million (2018: $42.0 million).

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

2019

At December 31, 2019, the Group is committed to $78,000 for short-term leases.

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

Of the amount disclosed above, $369,000 was charged to cost of sales and the remaining balance was charged to other operating expenses.

At December 31, 2018, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2018 $'000
Within one year	1,020
In the second to fifth year inclusive	1,645
More than five years	516
	3,181

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

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36 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessor

Operating leases, in which the Group is the lessor, arise from the Group's investment properties with lease terms of between 1 to 3 years, with one year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	Group 2019 $'000
Year 1	20,086
Year 2	3,221
Year 3	195
Total	23,502

	Group 2018 $'000
Rental income	19,774

At December 31, 2018, the Group had contracted with tenants for the following future minimum lease payments:

	Group 2018 $'000
Within one year	15,832
In the second to fifth year inclusive	4,234
	20,066

37 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. 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 was subsequently finalised in March 2019, subject to some editorial changes. In response to the TAD, the Group implemented the change in accounting policy on borrowing costs in the financial year ended December 31, 2019. The accounting policy applied by the Group is as disclosed in Note 2.

Management has assessed that the change in accounting policy does not have a material impact on the financial statements of the Group for the financial years ended December 31, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

38 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:

Effective for annual periods beginning on or after January 1, 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

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.

39 EVENT AFTER THE REPORTING PERIOD

The COVID-19 outbreak which became known subsequent to the reporting period has resulted in disruption to the Group's businesses, affecting supply chains for property development and construction projects.

The Group expects the outbreak may impact its operating results and financial position. The quantitative impact cannot be reasonably estimated at this point in time as the situation is fluid and rapidly evolving.

CORPORATE INFORMATION

As At March 16, 2020

BOARD OF DIRECTORS

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon, PBM
Chief Executive Officer and Executive Director

Fong Heng Boo
Lead Independent Director

Mervyn Goh Bin Guan
Independent Director

Pang Teng Tuan
Independent Director

Neo Tiam Poon @ Neo Thiam Poon
Alternate Director to Liong Kiam Teck

Neo Thiam An
Alternate Director to Neo Tiam Boon

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Foo Soon Soo
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 26 April 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 16, 2020

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	7	1.04	158	0.00
100 – 1,000	102	15.13	65,529	0.01
1,001 – 10,000	236	35.02	1,055,995	0.20
10,001 – 1,000,000	312	46.29	26,338,340	5.09
1,000,001 and above	17	2.52	490,608,198	94.70
	674	100.00	518,068,220	100.00

SUBSTANTIAL SHAREHOLDERS

	Number of shares fully paid			
Name	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	–	–

Note:
(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 16, 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Liong Kiam Teck	174,166,149	33.62
2.	Neo Tiam Boon	87,857,147	16.96
3.	Neo Tiam Poon @ Neo Thiam Poon	83,599,752	16.14
4.	Neo Thiam An	41,412,840	7.99
5.	Sing Investments & Finance Nominees (Pte) Ltd	21,694,000	4.19
6.	Maybank Kim Eng Securities Pte. Ltd	20,940,490	4.04
7.	Phillip Securities Pte Ltd	15,984,134	3.09
8.	UOB Kay Hian Pte Ltd	12,865,372	2.48
9.	United Overseas Bank Nominees Pte Ltd	10,147,680	1.96
10.	Koh Wee Seng	8,050,908	1.55
11.	HSBC (Singapore) Nominees Pte Ltd	3,130,435	0.60
12.	Lim & Tan Securities Pte Ltd	3,047,143	0.59
13.	Lim Seng Kuan	2,581,500	0.50
14.	DBS Nominees Pte Ltd	1,529,190	0.30
15.	Singamina Investment Pte Ltd	1,400,000	0.27
16.	Yap Bau Tan	1,148,600	0.22
17	Lee Chee Hong	1,052,858	0.20
18.	Ko Lee Meng	965,000	0.19
19	King Wan Construction Pte Ltd	930,000	0.18
20.	Ng Han Kim	900,000	0.17
		493,403,198	95.24

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 16 March 2020, 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 16, 2020

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	4.71	7,000	0.01
1,001 – 10,000	50	29.41	270,958	0.22
10,001 – 1,000,000	100	58.82	9,809,878	8.14
1,000,001 and above	12	7.06	110,479,753	91.63
	170	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	4,561,743	3.78
6.	Phillip Securities Pte Ltd	4,287,924	3.56
7.	UOB Kay Hian Pte Ltd	2,591,500	2.15
8.	Ramesh s/o Pritamdas Chandiramani	2,550,000	2.12
9.	Koh Wee Seng	2,500,000	2.07
10.	Maybank Kim Eng Securities Pte. Ltd	2,436,022	2.02
11.	Lee Kunfeng Daniel	1,800,000	1.49
12.	Tan Su Lan @ Tan Soo Lung	1,101,000	0.91
13.	Raffles Nominees (Pte) Limited	865,889	0.72
14.	HSBC (Singapore) Nominees Pte Ltd	782,608	0.65
15.	Lim & Tan Securities Pte Ltd	763,500	0.63
16.	Goh Guan Siong (Wu Yuanxiang)	680,000	0.56
17.	Lim Seng Kuan	647,250	0.54
18.	Ghosh Animesh	500,000	0.41
19.	Tan Weiren Vincent (Chen Weiren Vincent)	370,000	0.31
20.	Yap Bau Tan	321,000	0.27
	Total	115,410,000	95.72

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 Monday, April 27, 2020 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, 2019 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of $197,962 for the financial year ended December 31, 2019 (2018 $201,250). **(Resolution 2)**

3. To re-elect Mr Neo Tiam Boon, a Director retiring under Regulation 89 of the Constitution of the Company. **(Resolution 3)** **(See Explanatory Note 1)**

4. To re-elect Mr Mervyn Goh Bin Guan, a Director retiring under Regulation 89 of the Constitution of the Company. **(Resolution 4)** **(See Explanatory Note 2)**

   Mr Mervyn Goh Bin Guan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

5. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares

   "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act"), and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

   (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 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, whereby adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 6)**
(See Explanatory Note 3)

7. Renewal of the Share Buy-Back Mandate

"(a) That for the purposes of the Companies Act and the Listing Manual, the Directors of the Company be hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued Shares 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 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 during the relevant 5-day period and the day on which the purchases are made.

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off- Market Purchase.

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(Resolution 7)
(See Explanatory Note 4)

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Foo Soon Soo
Yap Ming Choo
Company Secretaries

Singapore, April 7, 2020

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

1. Detailed information on Mr Neo Tiam Boon as set out in Appendix 7.4.1 of the listing manual are found in the Statement of Corporate Governance of the Company's Annual Report 2019.

2. Mr Mervyn Goh Bin Guan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and be considered independent for the purposes of Rule 704(8) of the Listing Manual. He will remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee. Detailed information on Mr Goh as set out in Appendix 7.4.1 of the listing manual are found in the Statement of Corporate Governance of the Company's Annual Report 2019.

3. Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding (treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

4. Resolution 7, if passed, will renew the Share Buy-Back Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used and the illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy- Back Mandate based on the audited accounts of the Company and the Group for the financial year ended December 31, 2019 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.

NOTICE OF THE ANNUAL GENERAL MEETING

PRECAUTIONARY MEASURES AT THE AGM

1. In line with recent advisories issued by Singapore Ministry of Health (MOH) in relation to the COVID-19 situation, the Company will be implementing precautionary measures at the AGM.

2. All persons attending the AGM will have to undergo temperature screening.

3. Persons who are unwell, under quarantine order, or have been placed on leave of absence or Home-Stay Notice, or have recent travel history to the following places:

    - Mainland China;
    - Iran;
    - Northern Italy;
    - Japan;
    - Republic of Korea; and/or
    - any other places which the MOH had issued travel advisories against,

    during the last 14 days prior to the AGM or who display any of the following symptoms will not be admitted to the AGM:

    (a) Fever
    (b) Runny nose
    (c) Sore throat
    (d) Cough
    (e) Shortness of breath
    (f) Headache/body ache
    (g) Tiredness/fatigue

4. Shareholders who are not able to attend the AGM may wish to appoint a proxy to attend on their behalf. Proxy forms must be deposited at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 (Attention: The Company Secretary) not less than 72 hours before the time set for holding the AGM, that is, by 3.00 p.m. on April 24, 2020.

5. All persons attending the AGM will be required to declare their recent travel history and to provide contact details in case contact tracing is needed. Please arrive early as the precautionary measures may cause delay in the registration process.

6. Refreshments: To minimise contact between persons, the Company will not be providing food or drinks at the AGM.

7. As the COVID-19 situation continues to evolve, shareholders are advised to read the health advisories from the MOH. The Company will monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to persons attending the AGM.

8. We seek your kind understanding and cooperation of all members attending the AGM to minimize the risk of community spread of COVID-19.

9. As the situation continue to evolve, this advisory is accurate at time of print, members are advise to stay vigilant, monitor developments and the Company will need the advice of the local authorities to put in place further measures if required.

10. The Company will make further announcements via SGXNET should there be changes to the AGM arrangements.

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 Monday, April 27, 2020 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Annual General Meeting as indicated with a tick (✓) or an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No	Ordinary Resolutions	No of votes or indicate with a tick (✓) or cross (X)*		
		For	Against	Abstain
	Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2019 and the Auditors' Report thereon.			
2.	To approve Directors' fees of $197,962 for the financial year ended December 31, 2019.			
3.	To re-elect Mr Neo Tiam Boon as a Director.			
4.	To re-elect Mr Mervyn Goh Bin Guan as Director.			
5.	To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
7.	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" or "Abstain", please tick (✓) or cross "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2020

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
1 Jalan Berseh #03-03 | New World Centre | Singapore 209037
Tel: (65) 6392 2988 | Fax: (65) 6392 0988
www.tiongaik.com.sg

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to the Shareholders of TA Corporation Ltd (the **"Company")** together with the Company's Annual Report 2019 (as defined herein). Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Buy Back Mandate (as defined herein), and to seek Shareholders' approval of the same at the Annual General Meeting to be held on **27 April 2020** at **No. 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037**.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2019.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2019 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The SGX-ST (as defined herein) assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

TA CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201105512R)

APPENDIX

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 7 APRIL 2020

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

CONTENTS

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"*ACRA*"	:	Accounting and Corporate Regulatory Authority of Singapore
"*AGM*"	:	Annual general meeting of the Company. Unless the context otherwise requires, "AGM" shall refer to the annual general meeting to be held on 27 April 2020
"*Annual Report 2019*"	:	The Company's annual report for the financial year ended 31 December 2019
"*Appendix*"	:	This appendix to the Notice
"*Associate*"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"*Associated Company*"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
"*Board*"	:	The board of Directors of the Company
"*CDP*"	:	The Central Depository (Pte) Limited
"*Company*"	:	TA Corporation Ltd
"*Companies Act*"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time

"*Constitution*"	:	The Constitution of the Company, as amended, supplemented or modified from time to time
"*Controlling Shareholder*"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The Exchange may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
"*Directors*"	:	The directors of the Company as at the date of this Appendix
"*EPS*"	:	Earnings per Share
"FY"	:	Financial year ended 31 December
"*Group*"	:	The Company and its subsidiaries
"*Latest Practicable Date*"	:	16 March 2020, being the latest practicable date prior to the printing of this Appendix
"*Listing Manual*"	:	The rules of the listing manual of the SGX-ST applicable to an entity listed on the SGX-Mainboard, as amended or modified from time to time
"*Market Day*"	:	A day on which the SGX-ST is open for trading in securities
"*Notice*"	:	The Notice of AGM
"*NTA*"	:	Net tangible assets
"*Relevant Period*"	:	The period commencing from the date of the AGM when the resolution relating to the renewal of the Share Buy Back Mandate is passed expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier
"*Renewal*"	:	Refers to this proposed renewal of the Share Buy Back Mandate
"*SGX-Mainboard*"	:	The Mainboard of the SGX-ST
"*SGX-ST*" or "*the Exchange*"	:	Singapore Exchange Securities Trading Limited
"*Share Buy Back*"	:	Buy back of Shares by the Company pursuant to the Share Buy Back Mandate

"***Share Buy Back Mandate***"	:	**A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Listing Manual**
"***Shareholders***"	:	**Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors in the Depository Register**
"***Shares***"	:	**Issued and paid up ordinary shares in the share capital of the Company**
"***Take-over Code***"	:	**The Singapore Code on Take-overs and Mergers, as amended or modified from time to time**
"***S$***" and "***cents***"	:	**Dollars and cents respectively of the currency of Singapore**
"***%***" or "***per cent***"	:	**Per centum or percentage**

The terms "Depositors", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms "treasury share", "subsidiary" and "substantial shareholder" shall have the meanings ascribed to them respectively in Section 4, Section 5 and Section 81 of the Companies Act.

The term "subsidiary holdings" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa* **and words importing the masculine shall, where applicable, include the feminine and neuter gender and** *vice versa.* **References to persons shall, where applicable, include corporations.**

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

TA CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201105512R)

Directors:

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

Registered Office:

No. 1 Jalan Berseh
#03-03 New World
Centre Singapore
209037

7 April 2020

To: The Shareholders of TA Corporation Ltd

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

1. INTRODUCTION

1.1. Annual General Meeting

Reference is made to the Notice of Annual General Meeting of TA Corporation Ltd (the "**Company**") dated 7 April 2020, accompanying the Annual Report 2019, convening the AGM which is scheduled to be held on 27 April 2020 and the Ordinary Resolution 7 in relation to the Renewal of the Share Buy Back Mandate respectively, under the heading "Special Business" set out in the Notice.

1.2. Purpose of this Appendix

The purpose of this Appendix is to provide the Shareholders with details in respect of the proposed renewal of the Share Buy Back Mandate (the "**Renewal**").

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1. Rationale for the proposed renewal of the Share Buy Back Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia,* the return on equity of the Group. The Renewal of the Share Buy Back Mandate would give the Company the flexibility to undertake buy backs of the Shares at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force. A Share Buy Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors also expect that Share Buy Backs may also help mitigate against short term volatility of share price, offset the effects of short term speculation and bolster Shareholders' confidence. Share Buy Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate via market purchases or off-market purchases will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company or the Group. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy Back Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to adversely affect the listing status of the Company.

2.2. Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Buy Back Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the renewed Share Buy Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law or by the Constitution to be held, unless prior thereto, Share Buy Backs are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting.

2.3. The terms of the Share Buy Back Mandate

The authority for and limitations placed on purchases of Shares by the Company under the Share Buy Back Mandate, are summarized below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company, ascertained as at the date of the AGM at which the Share Buy Back Mandate is approved (the **"Approval Date"),** unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered (excluding treasury shares and subsidiary holdings). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company Shares of 518,068,220 as at the Latest Practicable Date (with no Shares held as treasury shares and subsidiary holdings as at that date), and assuming that no further Shares are issued on or prior to the AGM, not more than 51,806,822 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

(i) the date on which the next AGM of the Company is held or 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.

The Share Buy Back Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of purchase of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

(i) on-market purchases **("Market Purchase"),** transacted on the SGX-ST through the ready market, 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.

The Directors may impose such terms and conditions, which are consistent with the Share Buy Back Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(bb) if applicable, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Buy Back;

(iv) the consequences, if any, of Share Buy Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;

(v) whether the Share Buy Back, if made, would have any effect on the listing of the Shares on the **SGX-ST**;

(vi) details of any Share Buy Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous twelve (12) months, specifying the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for such purchases; and

(vii) whether the Shares purchased will be cancelled or kept as treasury shares.

(d) Maximum purchase price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(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 on an equal access scheme, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchases are made;

"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.

2.4. Status of purchased Shares under the Share Buy Back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.5. Treasury Shares

Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury and subsidiary holdings shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employee's share scheme;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.6. Source of Funds for Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on the Official List of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the **SGX-ST.** The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the **"Purchase Price");**

(b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price (including related brokerage, commission, stamp duties, applicable goods and service taxes, clearance fees and related expenses); or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price (including related brokerage, commission, stamp duties, applicable goods and service taxes, clearance fees and related expenses).

The Company may use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7. Financial effects of the Share Buy Back Mandate

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2019 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily buy back or be able to buy back 10% of the issued Shares (excluding treasury shares and subsidiary holdings) in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

The purchase price paid by the Company for the Shares (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the

Company. The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued share capital of the Company comprised 518,068,220 Shares (with no Shares held as treasury shares and subsidiary holdings as at that date).

Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 518,068,220 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares and subsidiary holdings on or prior to the AGM, the purchase by the Company of 10% of its issued Shares to hold as treasury shares will result in the purchase of 51,806,822 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 51,806,822 Shares at the Maximum Price of S$0.1596 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 51,806,822 Shares is approximately S$8.268 million (excluding related brokerage, commission, stamp duties, applicable goods and service taxes, clearance fees and related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 51,806,822 Shares at the Maximum Price of S$0.1824 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 51,806,822 Shares is approximately S$9.450 million (excluding related brokerage, commission, stamp duties, applicable goods and service taxes, clearance fees and related expenses).

For illustrative purposes only, and on the basis of the assumptions set out above as well as the following:

(i) the Share Buy Back Mandate had been effective on 1 January 2019; and

(ii) such Share purchases are funded solely by internal resources, the financial effects on the audited consolidated financial results of the Group and the Company for FY2019, are set out below:

As at 31 December 2019	Group			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S$'000	After share Purchase S$'000	Before Share Purchase S$'000	After share Purchase S$'000
Loss attributable to owners of the Company	(11,057)	(11,057)	(11,057)	(11,057)
Share Capital	154,189	154,189	154,189	154,189
Retained Earnings	7,232	7,232	7,232	7,232
Reserves	675	675	675	675
Translation and Other Reserves	188	188	188	188
Treasury Shares	–	(8,268)	–	(9,450)
Shareholders' Equity	162,284	154,016	162,284	152,834
Total Equity(1)	155,652	147,384	155,652	146,202
Net Tangible Assets (NTA)(2)	153,351	145,083	153,351	143,901
Current Assets	426,861	418,593	426,861	417,411
Current Liabilities	386,994	386,994	386,994	386,994
Working Capital	39,867	31,599	39,867	30,417
Total Borrowings	387,580	387,580	387,580	387,580
Cash and cash equivalents	32,859	24,591	32,859	23,409
Net Debt(3)	354,721	362,989	354,721	364,171
Number of Shares as at 31 December 2019 ('000)	518,068	466,261	518,068	466,261
Weighted average number of Shares as at 31 December 2019 ('000)	518,068	466,261	518,068	466,261
Financial Ratios				
NTA per Share (cents)(2)	29.60	31.11	29.60	30.86
Gearing Ratio (times)(4)	2.49	2.63	2.49	2.65
Current Ratio (times)(5)	1.10	1.08	1.10	1.08
Basic EPS (cents)(6)	(2.13)	(2.37)	(2.13)	(2.37)

Notes:

(1) Total Equity equals Shareholders' Equity plus non-controlling interests.

(2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2019.

(3) Net Debt means Total Borrowings less Cash and cash equivalents.

(4) Gearing Ratio equals Total Borrowings divided by Total Equity.

(5) Current Ratio equals Current Assets divided by Current Liabilities.

(6) Basic EPS equals Loss attributable to owners of the Company divided by the weighted average number of shares as at 31 December 2019.

	Company			
	Market Purchase		Off-Market Purchase	
As at 31 December 2019	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
Profit attributable to owners of the Company	2,230	2,230	2,230	2,230
Share Capital	154,189	154,189	154,189	154,189
Reserve	31	31	31	31
Retained Earnings	5,211	5,211	5,211	5,211
Treasury Shares	–	(8,268)	–	(9,450)
Shareholders' Equity	159,431	151,163	159,431	149,981
Total Equity[(1)]	159,431	151,163	159,431	149,981
Net Tangible Assets (NTA)[(2)]	159,431	151,163	159,431	149,981
Current Assets	25,131	25,131	25,131	25,131
Current Liabilities	30,833	39,101	30,833	40,283
Capital deficiency	(5,702)	(13,970)	(5,702)	(15,152)
Total borrowings	39,429	39,429	39,429	39,429
Cash and cash equivalents	118	118	118	118
Net Debt[(3)]	39,311	39,311	39,311	39,311
Number of Shares as at 31 December 2019 ('000)	518,068	466,261	518,068	466,261
Weighted average number of Shares as at 31 December 2019 ('000)	518,068	466,261	518,068	466,261
Financial Ratios				
NTA per Share (cents)[(2)]	30.77	32.42	30.77	32.17
Gearing Ratio (times)[(4)]	0.25	0.26	0.25	0.26
Current Ratio (times)[(5)]	0.82	0.64	0.82	0.62
Basic EPS (cents)[(6)]	0.43	0.48	0.43	0.48

Notes:

(1) Total Equity equals Shareholders' Equity.

(2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2019.

(3) Net Debt means Total Borrowings less Cash and cash equivalents.

(4) Gearing Ratio equals Total Borrowings divided by Total Equity.

(5) Current Ratio equals Current Assets divided by Current Liabilities.

(6) Basic EPS equals Profit attributable to owners of the Company divided by the weighted average number of shares as at 31 December 2019.

The financial effects set out above are **for illustrative purposes only.** Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.8. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9. Listing Manual

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares in a class that is listed is at all times held by the public. As at the Latest Practicable Date, approximately 15.83% of the issued share capital of the Company (with no Shares held as treasury shares or subsidiary holdings) are held in the hands of the public. **"Public"** means persons other than the directors, chief executive officer, substantial shareholders or Controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 6.47%. Therefore, as at the Latest Practicable Date, the Company would not be able to undertake buyback of its Shares up to the full 10% limit, and the Company would not exercise the full 10% limit, to ensure that the public shall hold not less than 10% of the issued share capital of the Company.

The Directors will use their best efforts to ensure that the Company does not effect buy back of Shares if the buy back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity, adversely affect the orderly trading of the Shares or adversely affect the listing status of the Company.

Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.3(d) of this Appendix, conforms to this restriction.

Additionally, the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive or trade-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive or trade-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing one month before the announcement of the Company's half year and full year financial statements.

2.10. Take-over Obligations

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons *will, inter alia,* be presumed to be acting in concert:

(a) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(b) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(c) A company with any of its pension funds and employee share schemes;

(d) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(e) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;

(g) Partners; and

(h) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the above.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate unless so required under the Companies Act.

As Liong Kiam Teck, Neo Tiam Boon, Neo Tiam Poon @ Neo Thiam Poon, Neo Thiam An and persons presumed to be acting in concert with them under the Take-over Code have an aggregate shareholding interest of more than 50% in the Company as at the Latest Practicable Date, the increase in the shareholding, in the event the Company purchases the maximum number of Shares permissible under the Share Buy Back Mandate, will not require a general offer to be made under Rule 14.

Save as disclosed above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Buy Back.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

2.11. Shares purchased by the Company

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.12. Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on the Official List of SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including inter alia, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company, and such other information as required by the Companies Act.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the registers of Directors' interests in Shares and Substantial Shareholders' interests in Shares, respectively, are as follows:

	Number of Shares				Number of Warrants		
Directors	**Direct Interest**	**%**	**Deemed Interest**	**%**	**Direct Interest**	**Deemed Interest**	**Total**
Liong Kiam Teck [(1)]	174,166,149	33.62	20,953	0.004	39,893,204	38,000	39,931,204
Neo Tiam Boon	87,857,147	16.96	–	–	20,123,905	–	20,123,905
Fong Heng Boo	–	–	–	–	–	–	–
Mervyn Goh Bin Guan	–	–	–	–	–	–	–
Pang Teng Tuan	–	–	–	–	–	–	–
Alternate Directors							
Neo Tiam Poon @ Neo Thiam Poon *(Alternate Director to Mr Liong Kiam Teck)*	83,599,752	16.14	–	–	19,148,738	–	19,148,738
Neo Thiam An *(Alternate Director to Mr Neo Tiam Boon)*	41,412,840	7.99	–	–	9,485,717	–	9,485,717
Substantial Shareholders							
Koh Wee Seng[(2)]	47,910,000	9.25	–	–	–	–	–

Note:

(1) Mr Liong is deemed to be interested in 20,953 shares and 38,000 warrants held by his spouse.

(2) The number of shares is based on the last notification from Mr Koh Wee Seng to the Company.

4. DIRECTORS' RECOMMENDATIONS

The Directors, having carefully considered the terms and rationale of the proposed renewal of the Share Buy Back Mandate, are of the opinion that the proposed Share Buy Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 7, being the Ordinary Resolution relating to the proposed Share Buy Back Mandate, at the AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037, during normal business hours from the date of this Appendix up to the date of the forthcoming AGM scheduled to be held on 27 April 2020:

(a) the Constitution of the Company; and

(b) the annual report of the Company for FY2019.

Yours faithfully
For and on behalf of the Board of Directors
TA Corporation Ltd

Liong Kiam Teck
Executive Chairman