



TA CORPORATION LTD

**Unaudited Condensed Interim Financial Statements for
the second half-year and full year ended 31 December 2022**

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

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A. Unaudited condensed interim consolidated statement of profit or loss and other comprehensive income

	Notes	GROUP					
		2H2022 S\$'000	2H2021 S\$'000	Change %	FY2022 S\$'000	FY2021 S\$'000	Change %
Revenue	5	230,447	112,476	104.89	360,615	218,171	65.29
Cost of sales		(199,133)	(99,266)	100.61	(308,237)	(198,318)	55.42
Gross profit		31,314	13,210	137.05	52,378	19,853	163.83
Other income	6	17,502	5,723	205.82	22,525	8,604	161.80
Selling and distribution costs		(446)	(460)	(3.04)	(1,062)	(1,222)	(13.09)
General and administrative expenses		(11,075)	(8,866)	24.92	(20,355)	(18,008)	13.03
Other operating expenses		(4,305)	(20,595)	(79.10)	(11,220)	(30,131)	(62.76)
Impairment loss on financial assets		(549)	(994)	(44.77)	(607)	(1,137)	(46.61)
Share of profit (loss), net of tax of associates and joint ventures		543	(64)	NM	1,743	(1,009)	(272.75)
Finance costs		(6,143)	(6,119)	0.39	(11,291)	(11,119)	1.55
Profit (Loss) before income tax	7	26,841	(18,165)	(247.76)	32,111	(34,169)	(193.98)
Income tax expense	8	(3,353)	(1,139)	194.38	(5,225)	(2,267)	130.48
Profit (Loss) after income tax		23,488	(19,304)	(221.67)	26,886	(36,436)	(173.79)
Other comprehensive income (loss):							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		(611)	622	(198.23)	(204)	(1,123)	(81.83)
Share of other comprehensive income (loss) of associates and joint ventures		(1,648)	(419)	293.32	(1,438)	(859)	67.40
Total comprehensive income (loss) for the year		21,229	(19,101)	(211.14)	25,244	(38,418)	(165.71)
Profit (Loss) attributable to :							
Owners of the Company		10,775	(18,483)	(158.30)	12,136	(36,536)	(133.22)
Non-controlling interests		12,713	(821)	NM	14,750	100	NM
		23,488	(19,304)	(221.69)	26,886	(36,436)	(173.79)
Total comprehensive income (loss) attributable to:							
Owners of the Company		9,100	(18,442)	(149.34)	10,698	(38,070)	(128.10)
Non-controlling interests		12,129	(659)	NM	14,546	(348)	NM
		21,229	(19,101)	(211.14)	25,244	(38,418)	(165.71)
NM = Not meaningful							

B. Unaudited condensed interim statements of financial position

	Note	Group		Company	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		SS'000	SS'000	SS'000	SS'000
ASSETS					
Current assets					
Cash and bank balances		48,260	65,002	2,590	125
Trade and other receivables	10 (a)	42,152	51,080	34,388	32,744
Deposits and prepayments		7,887	11,395	14	14
Inventories		7,263	3,663	-	-
Contract assets	10 (b)	27,697	32,145	-	-
Development properties		203,298	296,935	-	-
		336,557	460,220	36,992	32,883
Asset classified as held for sale		-	4,935	-	-
Total current assets		336,557	465,155	36,992	32,883
Non-current assets					
Property, plant and equipment	11	40,913	45,705	-	-
Investment properties	12	196,840	181,480	-	-
Subsidiaries	13	-	-	122,572	79,384
Goodwill		1,759	1,759	-	-
Associates and joint ventures		17,211	15,322	-	-
Trade and other receivables	10 (a)	50,760	50,518	44,605	88,065
Other non-current assets		255	391	-	-
Total non-current assets		307,738	295,175	167,177	167,449
Total assets		644,295	760,330	204,169	200,332
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	14	55,501	194,823	5,000	5,080
Trade and other payables		108,986	108,140	21,819	13,264
Lease liabilities		545	1,133	-	-
Contract liabilities		97,184	116,928	-	-
Provisions		-	5,879	-	-
Income tax payable		3,547	2,655	-	-
		265,763	429,558	26,819	18,344
Liabilities directly associated with asset classified as held for sale		-	4,150	-	-
Total current liabilities		265,763	433,708	26,819	18,344
Non-current liabilities					
Borrowings	14	172,375	156,577	2,500	5,000
Trade and other payables		92,925	81,914	38,651	35,510
Lease liabilities		1,067	1,354	-	-
Term notes		26,929	26,724	26,929	26,724
Deferred tax liabilities		56	50	-	-
Total non-current liabilities		293,352	266,619	68,080	67,234
Capital, reserves and non-controlling interests					
Share capital	15	154,189	154,189	154,189	154,189
Reserves	16	644	675	-	31
Translation reserves		(2,342)	(904)	-	-
Accumulated losses		(72,941)	(85,108)	(44,919)	(39,466)
Equity attributable to owners of the Company		79,550	68,852	109,270	114,754
Non-controlling interests		5,630	(8,849)	-	-
Total equity		85,180	60,003	109,270	114,754
Total liabilities and equity		644,295	760,330	204,169	200,332

C. Unaudited condensed interim statements of changes in equity

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

C. Unaudited condensed interim statements of changes in equity - continued

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Reserves</u>	Retained earnings (Accumulated losses)	<u>Total equity</u>
Balance at January 1, 2021	154,189	31	(15,827)	138,393
Loss for the year, representing total comprehensive loss for the year	-	-	(23,639)	(23,639)
Balance at December 31, 2021	154,189	31	(39,466)	114,754
Expiry of warrants	-	(31)	31	-
Loss for the year, representing total comprehensive loss for the year	-	-	(5,484)	(5,484)
Balance at December 31, 2022	154,189	-	(44,919)	109,270

D. Unaudited condensed interim consolidated statement of cash flows

	Group	
	FY2022 S\$'000	FY2021 S\$'000
Operating activities		
Profit (Loss) before income tax	32,111	(34,169)
Adjustments for expenses (income):		
Depreciation expenses	5,638	7,151
Interest income	(1,253)	(1,152)
Finance costs	11,291	11,119
Share of (profit) loss of associates and joint ventures	(1,743)	1,009
(Gain) Loss on disposal of property, plant and equipment, net	(325)	3
Gain on disposal of other non-current assets	(9)	-
Loss on disposal of investment properties	-	2,768
Property, plant and equipment written off	-	1
Impairment loss on property, plant and equipment	-	1,000
Impairment loss on other non-current assets	7	1
Impairment of goodwill	-	836
(Reversal) Impairment of associates and joint ventures	(426)	426
(Gain) Loss in fair value of investment properties	(15,360)	7,325
Impairment loss on financial assets	607	1,137
Write-down of development properties, net	-	8,313
Provisions	-	3,339
Operating cash flows before movements in working capital	30,538	9,107
Trade and other receivables	6,613	(7,353)
Contract assets	4,448	552
Contract liabilities	(19,744)	17,213
Deposits and prepayments	3,508	(127)
Inventories	(3,600)	2,983
Development properties	96,048	(11,443)
Trade and other payables	9,259	13,892
Utilisation of provisions	(5,879)	(4,312)
Cash generated from operation	121,191	20,512
Income tax paid	(4,312)	(3,238)
Interest paid	(13,703)	(12,849)
Net cash from operating activities	103,176	4,425
Investing activities		
Repayment from associates and joint ventures	1,181	4,975
Dividends received from joint ventures	5	224
Interest received	1,253	1,152
Purchase of property, plant and equipment	(2,262)	(1,516)
Proceed from disposal of investment property	-	17,052
Proceed from disposal of asset held for sale	4,935	-
Proceed from disposal of other non-current assets	138	-
Proceeds from disposal of property, plant and equipment	744	420
Net cash from investing activities	5,994	22,307

D. Unaudited condensed interim consolidated statement of cash flows - continued

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Financing activities		
Loan from a company in which certain directors have control	2,600	9,950
Proceeds from borrowings	281,924	205,830
Repayment of borrowings	(409,394)	(231,245)
Repayment of principal portion of lease liabilities	(957)	(1,130)
Uplifting (Pledged) fixed deposits	3,969	(1,301)
Dividends paid to non-controlling shareholders	(67)	(50)
Proceeds from issue of shares in subsidiaries from non-controlling shareholder	-	3
Net cash used in financing activities	(121,925)	(17,943)
(Decrease) Increase in cash and cash equivalents	(12,755)	8,789
Cash and cash equivalents at beginning of the year	54,005	45,215
Effect of exchange rate changes	(19)	1
Cash and cash equivalents at end of the year	41,231	54,005

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

Cash and bank balances	21,018	44,376
Fixed deposits	27,242	20,626
	48,260	65,002
Less: pledged cash and fixed deposits	(7,029)	(10,997)
Cash and cash equivalents at end of the year	41,231	54,005

E. Notes to the unaudited condensed interim consolidated financial statements

1. Corporate information

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. These unaudited condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principal activities of the Group are:

Construction

General builders and construction contractors, training of workers, general engineering, sale of construction materials and design, installation and maintenance of air conditioning and mechanical ventilation systems.

Real estate investment

Investment in real estate.

Real estate development

Development of residential and commercial projects and project management services.

Distribution

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

Others

This comprises management and administration services.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last unaudited interim financial statements for the financial period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and Amended Standards adopted by the Group

The adoption of the various new/revised SFRS(I) pronouncements effective for the financial year beginning on 1 January 2022 does not have a material financial effect on the Group and the Company.

2.2 Uses of judgement and estimates

The preparation of the Group's unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

2.2 Uses of judgement and estimates - continued

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – expected credit losses of trade and other receivables and contract assets
- Note 12 – determination of fair value of investment property using significant unobservable inputs

Apart from the notes above, the following are critical judgements and key assumptions that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the interim financial statements.

Critical judgements

Going concern assumption

The Group recorded a profit before tax of S\$26.9 million for the financial year ended 31 December 2022. As of 31 December 2022, the Group's current assets amounted to S\$336.6 million and its current liabilities amounted to S\$265.8 million. However, the Group's current assets include development properties of S\$203.3 million that may not be realisable within one year.

In view of these circumstances, management has prepared a cash flow forecast containing major cash inflows and outflows of the Group over the next 12 months to 31 December 2023. The key assumptions applied in the cash flow forecast are:

- (a) With regard to ongoing construction projects, the Group will be able to manage business disruptions and operational changes resulting from the COVID-19 pandemic;
- (b) The Group will be able to realise certain development properties at specified minimum values;
- (c) Banks will not demand repayment for loans which are revolving or repayable on demand; and
- (d) A subsidiary of the Company had not complied with financial covenants on a banking facility consists of *inter alia* banker's guarantee for ongoing construction contracts and a fully paid bank loan (31 December 2021: S\$3.9 million). One off waiver had been obtained from the bank for the financial year ended 31 December 2022. The bank reserves the right to recall the facility. Management is of the view that the lender will not exercise their right to recall these facility and will continue to support the Group with other banking facilities currently utilised by the Group.

Material uncertainty related to going concern noted in last financial year

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

Current development of matters relating to material uncertainty related to going concern noted in last financial year

- (a) As at 31 December 2022, the Group recorded a profit before tax of S\$26.9 million for the financial year ended 31 December 2022. As of 31 December 2022, the Group's current assets amounted to S\$336.6 million and its current liabilities amounted to S\$265.8 million. However, the Group's current assets include development properties of S\$203.3 million that may not be realisable within one year.

Management has assessed the options available in order to ensure that sufficient cash flow is in place to enable the Group to meet its short term obligations as they fall due. The key matters consider by the management are:

- (i) the forecasted cashflow from the Group including the expected revenue from existing customers and contracts, the expected growth in cashflow from existing customers and contracts and the expected successful conversion of current market tendering opportunities into future revenues and cashflows;
- (ii) potentially extend or gearing up its current debt facilities

- (iii) the potential options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations and generating potential cashflows; and
- (iv) Banks will not demand repayment for loans which are revolving or repayable on demand.

The Group had also refinanced and repaid part of the bank loan amounting to S\$52.0 million (31 December 2021: S\$53.4 million) taken to finance a Group's substantially completed development property in Cambodia which is contractually due by September 2022. The Group repaid S\$16.1 million of the loan and refinanced approximately S\$35.9 million in September 2022.

Based on the cash flow forecast and the premise of the resolution of the material uncertainty related to going concern noted in last financial year, the directors have concluded that the Group will be able to pay its debts when they fall due for at least the next twelve months.

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.

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.

Key sources of estimation uncertainty

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, taking into consideration impact arising from COVID-19 pandemic. The COVID-19 pandemic has resulted in business disruptions and operational changes, which have increased the estimation uncertainty relating to budgeted time and costs needed to complete ongoing projects.

During the course of a project, the contract sum may also be adjusted for variations, omissions and variable consideration (including liquidated damages). Variations could relate to unpriced change orders approved by customers for which management has to estimate the transaction price.

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 is charged to profit or loss (included in cost of sales).

2.2 Uses of judgement and estimates - continued

The above judgements and estimates affect the amount of revenue recognised, the cost included in cost of sales; contract assets, contract liabilities, provisions and development properties. Management's estimates take into account known significant events and information available when the unaudited interim 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.

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

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

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

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

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

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

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

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

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

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

(c) Assessment of corporate guarantees given in connection with bank loans of DSPDS

(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 31 December 2022, the outstanding bank loan of DSPDS was S\$10.0 million (31 December 2021: S\$10.0 million).

(ii) The outstanding bank loans of DSPDS which is covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to S\$10.0 million at 31 December 2022 (31 December 2021: S\$10.0 million).

2.2 Uses of judgement and estimates - continued

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, management relied on the valuation of the properties in the Development at 31 December 2022 by an independent valuer to estimate the market value of unsold units and remaining land in respect of which there are no development plans as at 31 December 2022.

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

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

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

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

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

Useful life of property, plant and equipment

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.

Expected credit losses of trade and other receivable 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 10(a) and 10(b) respectively in the financial statements.

Impairment in investments in subsidiaries and joint ventures

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

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

As at the end of the reporting period, allowance for impairment loss of S\$53.3 million (31 December 2021: S\$51.6 million) and S\$ Nil (31 December 2021: S\$0.4 million) have been made for investments in subsidiaries and joint ventures respectively based on the market conditions reflecting the recoverability of the net assets in subsidiaries and joint ventures.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the main segments by business as set out in Note 1.

Segment by Business

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2H2022							
REVENUE							
External revenue	96,174	14,208	114,451	5,614	-	-	230,447
Inter-segment revenue	13,546	445	138	3,326	-	(17,455)	-
	<u>109,720</u>	<u>14,653</u>	<u>114,589</u>	<u>8,940</u>	<u>-</u>	<u>(17,455)</u>	<u>230,447</u>
RESULT							
Segment result	(6,052)	27,734	11,110	48	(531)	-	32,309
Interest income	6	653	1	15	-	-	675
Finance costs	(593)	(3,592)	(538)	(55)	(1,365)	-	(6,143)
(Loss) Profit before income tax	<u>(6,639)</u>	<u>24,795</u>	<u>10,573</u>	<u>8</u>	<u>(1,896)</u>	<u>-</u>	<u>26,841</u>
Income tax credit (expense)	(325)	(2,100)	(891)	(37)	-	-	(3,353)
(Loss) Profit for the period	<u>(6,964)</u>	<u>22,695</u>	<u>9,682</u>	<u>(29)</u>	<u>(1,896)</u>	<u>-</u>	<u>23,488</u>
OTHER INFORMATION							
Additions to non-current assets	1,204	55	3	29	-	-	1,291
Depreciation expenses	2,422	168	55	115	-	-	2,760
Gain in fair value of investment properties, net	-	15,360	-	-	-	-	15,360
Impairment loss on financial assets	60	522	-	(33)	-	-	549
Impairment loss on other non-current assets	5	-	-	-	-	-	5

4. Segment and revenue information - continued

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2H2021							
REVENUE							
External revenue	95,099	11,674	689	5,014	-	-	112,476
Inter-segment revenue	14,531	502	138	246	-	(15,417)	-
	109,630	12,176	827	5,260	-	(15,417)	112,476
RESULT							
Segment result	(7,464)	3,249	(4,638)	(2,720)	(1,030)	-	(12,603)
Interest income	6	538	3	10	-	-	557
Finance costs	(447)	(2,189)	(2,214)	(51)	(1,218)	-	(6,119)
(Loss) Profit before income tax	(7,905)	1,598	(6,849)	(2,761)	(2,248)	-	(18,165)
Income tax credit (expense)	15	(1,171)	1	16	-	-	(1,139)
(Loss) Profit for the period	(7,890)	427	(6,848)	(2,745)	(2,248)	-	(19,304)

OTHER INFORMATION

Additions to non-current assets	1,258	21	26	19	-	-	1,324
Depreciation expenses	2,684	104	191	284	-	-	3,263
Loss in fair value of investment properties	-	1,855	-	-	-	-	1,855
Impairment loss on financial assets	92	715	1	186	-	-	994
Impairment loss on other non-current assets	1	-	-	-	-	-	1

Geographical segments

	Singapore	Myanmar	Cambodia	Other countries ⁽ⁱ⁾	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2H2022					
Revenue	193,923	5,353	28,708	2,463	230,447
2H2021					
Revenue	110,498	709	1,161	108	112,476

(i) Includes Malaysia, Thailand and India

4. Segment and revenue information - continued

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2022							
REVENUE							
External revenue	209,042	26,891	114,940	9,742	-	-	360,615
Inter-segment revenue	25,487	1,282	276	5,906	-	(32,951)	-
	<u>234,529</u>	<u>28,173</u>	<u>115,216</u>	<u>15,648</u>	<u>-</u>	<u>(32,951)</u>	<u>360,615</u>
RESULT							
Segment result	(5,356)	34,344	13,148	746	(733)	-	42,149
Interest income	29	1,186	3	35	-	-	1,253
Interest expense	(1,051)	(5,715)	(1,851)	(70)	(2,604)	-	(11,291)
(Loss) Profit before income tax	(6,378)	29,815	11,300	711	(3,337)	-	32,111
Income tax (expense) credit	(685)	(3,491)	(915)	(134)	-	-	(5,225)
(Loss) Profit for the year	<u>(7,063)</u>	<u>26,324</u>	<u>10,385</u>	<u>577</u>	<u>(3,337)</u>	<u>-</u>	<u>26,886</u>
STATEMENT OF FINANCIAL POSITION							
Segment assets	99,110	250,763	230,146	15,367	48,654	-	644,040
Unallocated corporate assets	255	-	-	-	-	-	255
Total assets	<u>99,365</u>	<u>250,763</u>	<u>230,146</u>	<u>15,367</u>	<u>48,654</u>	<u>-</u>	<u>644,295</u>
Segment liabilities	<u>138,368</u>	<u>170,773</u>	<u>184,193</u>	<u>4,997</u>	<u>60,785</u>	<u>-</u>	<u>559,116</u>
OTHER INFORMATION							
Additions to non-current assets	1,997	441	15	54	-	-	2,507
Associates and joint ventures	-	2,216	7,516	7,479	-	-	17,211
Depreciation expenses	4,793	258	241	346	-	-	5,638
Gain in fair value of investment properties	-	15,360	-	-	-	-	15,360
Impairment loss on financial assets	60	582	-	(35)	-	-	607
Impairment loss on other non-current assets	7	-	-	-	-	-	7

4. Segment and revenue information - continued

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2021							
REVENUE							
External revenue	181,776	23,226	1,415	11,754	-	-	218,171
Inter-segment revenue	31,714	1,088	276	2,668	-	(35,746)	-
	213,490	24,314	1,691	14,422	-	(35,746)	218,171
RESULT							
Segment result	(20,730)	6,026	(4,983)	(3,259)	(1,256)	-	(24,202)
Interest income	12	1,080	5	55	-	-	1,152
Interest expense	(978)	(4,408)	(3,338)	(120)	(2,275)	-	(11,119)
(Loss) Profit before income tax	(21,696)	2,698	(8,316)	(3,324)	(3,531)	-	(34,169)
Income tax (expense) credit	-	(2,261)	1	(7)	-	-	(2,267)
(Loss) Profit for the year	(21,696)	437	(8,315)	(3,331)	(3,531)	-	(36,436)
STATEMENT OF FINANCIAL POSITION							
Segment assets	109,785	301,489	339,067	9,459	139	-	759,939
Unallocated corporate assets	391	-	-	-	-	-	391
Total assets	110,176	301,489	339,067	9,459	139	-	760,330
Segment liabilities	164,701	189,714	282,005	4,368	59,539	-	700,327
OTHER INFORMATION							
Additions to non-current assets	2,009	79	35	74	-	-	2,197
Associates and joint ventures	-	2,216	6,028	7,078	-	-	15,322
Depreciation expenses	5,900	260	390	601	-	-	7,151
Loss in fair value of investment properties	-	7,325	-	-	-	-	7,325
Impairment loss on financial assets	126	715	30	266	-	-	1,137
Impairment loss on property, plant and equipment	1,000	-	-	-	-	-	1,000
Write-down of development loss on other non-current assets	-	-	8,313	-	-	-	8,313
Reversal of impairment loss on other non-current assets	1	-	-	-	-	-	1
Impairment of goodwill	-	-	-	836	-	-	836

Geographical segments

	Singapore	Myanmar	Cambodia	Other countries ⁽ⁱ⁾	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2022					
Revenue	319,859	8,334	29,842	2,580	360,615
Non-current assets	295,344	1,438	19	10,937	307,738
FY2021					
Revenue	210,351	5,777	1,917	126	218,171
Non-current assets	281,189	2,129	159	11,698	295,175

(i) Includes Malaysia, Thailand and India

5. 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 4).

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

	Group			
	2H2022	2H2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue from:				
Construction				
- Construction contracts	84,526	86,879	189,462	164,217
- Sale of goods	4,875	4,071	8,665	11,422
- Worker training and other services	6,773	4,149	10,915	6,137
	<u>96,174</u>	<u>95,099</u>	<u>209,042</u>	<u>181,776</u>
Real estate investment				
- Rental of properties	14,208	11,674	26,891	23,226
Real estate development				
- Rendering of service	279	20	300	41
- Sale of development properties	114,172	669	114,640	1,374
Distribution				
- Sale of goods	5,614	5,014	9,742	11,754
	<u>230,447</u>	<u>112,476</u>	<u>360,615</u>	<u>218,171</u>
<u>Timing of revenue recognition</u>				
At a point in time	131,711	13,924	144,260	30,728
Over time	89,990	91,508	199,972	173,176

A breakdown of sales:

	Group		
	FY2022	FY2021	Increase / (Decrease)
	S\$'000	S\$'000	%
Sales reported for first half year	130,168	105,695	23.15
Operating profit (loss) after tax before deducting non-controlling interests reported for first half year	3,398	(17,132)	119.83
Sales reported for second half year	230,447	112,476	104.89
Operating profit (loss) after tax before deducting Non-controlling interest reported for second half year	<u>23,488</u>	<u>(19,304)</u>	<u>221.67</u>

6. Other income

	Group			
	2H2022	2H2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	559	1,651	3,452	2,579
Management fee income from companies in which certain directors have control	119	192	311	384
Project management and administrative fee	29	25	58	58
Calling of performance bond	-	-	275	-
Interest income	158	32	225	97
Interest income from associates and joint ventures	515	526	1,028	1,055
Grant from government	78	178	265	409
Gain in fair value of investment properties, net	15,360	-	15,360	-
Gain on disposal of property, plant and equipment	222	-	325	-
Reversal of payment of security deposit	-	1,588	-	1,588
Others	462	1,531	1,226	2,434
	<u>17,502</u>	<u>5,723</u>	<u>22,525</u>	<u>8,604</u>

7. Profit (Loss) before income tax

	Group			
	2H2022	2H2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Profit (Loss) before income tax for the period is stated after charging (crediting) the following:				
Depreciation expenses	2,760	3,264	5,638	7,151
Impairment loss on financial assets	549	994	607	1,137
(Gain) Loss in fair value of investment properties	(15,360)	1,855	(15,360)	7,325
Loss on disposal of investment properties	-	2,768	-	2,768
Foreign exchange loss	2,428	1,784	2,288	1,171
Impairment loss on property, plant and equipment	-	1,000	-	1,000
Impairment of goodwill	-	836	-	836
(Reversal) Impairment of associates and joint ventures	(426)	426	(426)	426
Property, plant and equipment written off	-	1	-	1
Impairment loss on other non-current assets	5	1	7	1
Interest income	(675)	(557)	(1,253)	(1,152)
Write down of development properties, net	-	8,313	-	8,313
(Gain) Loss on disposal of property, plant and equipment, net	(222)	2	(325)	3

8. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited condensed interim consolidated statement of profit or loss are:

	Group			
	2H2022	2H2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Provision for taxation				
- current year	2,620	1,320	4,488	2,471
- under provision for prior year	733	(2)	731	(18)
	3,353	1,318	5,219	2,453
Deferred tax	-	(179)	6	(186)
	3,353	1,139	5,225	2,267

9. Related company and related parties' 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 financial periods/financial years were as follows:

	Group			
	2H2022	2H2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Income from associates</u>				
Construction revenue	20	20	41	41
Accounting and administrative services	29	25	58	58
<u>Income from joint ventures</u>				
Interest income	515	537	1,028	1,055
Sale of goods	414	890	684	964
<u>Income from/(Expenses charged by) companies in which certain directors have control</u>				
Sales and service of air-conditioners	2	6	7	21
Maintenance income	-	8	-	8
Management fee income	119	192	311	384
Rental income	16	20	37	40
Ad-hoc services rendered	24	-	69	-
Worker management services	(68)	22	(345)	(100)
Medical fee expense	(34)	(53)	(73)	(84)
Miscellaneous expenses	-	(27)	-	(55)
Dormitory rental expense	(81)	(337)	(313)	(486)
Interest expense	(458)	(400)	(890)	(668)
<u>Directors</u>				
Interest expense	(189)	(189)	(375)	(375)
<u>Key management personnel</u>				
Interest expense	(8)	(7)	(15)	(15)

10. (a) Trade and other receivables

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Trade receivables	35,230	42,741	-	-
Other receivables	6,922	8,339	34,388	32,744
	42,152	51,080	34,388	32,744
<u>Non-current</u>				
Other receivables	50,760	50,518	44,605	88,065
	92,912	101,598	78,993	120,809

Trade receivables

Credit periods generally range from 30 to 120 days (31 December 2021: 30 to 120 days). No interest is charged on overdue trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

In the current financial year, the Company capitalised S\$46.05 million of advances due from its subsidiaries to investment in subsidiaries (refer to note 13).

Other receivables

Interest is charged at 2.0% to 6.8% (31 December 2021: 2.0% to 6.8%) per annum by the Group and Company on other receivables due from certain associates, joint ventures and subsidiaries.

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

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

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

(b) Contract assets

	Group	
	As at 31 Dec 2022 S\$'000	As at 31 Dec 2021 S\$'000
<u>Retention monies on contract work:</u>		
Third parties	19,567	22,632
<u>Accrued income:</u>		
Construction contract customers	8,130	9,513
	<u>27,697</u>	<u>32,145</u>

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. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The changes in contract assets in the interim financial period and prior year are mainly due to changes in measurement of progress contract asset which have not been billed as at 31 December 2022 and variable consideration arising from delays in construction progress.

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. Property, plant and equipment

During the financial year ended 31 December 2022, the Group acquired assets amounting to S\$2.5 million (31 December 2021: S\$2.2 million) and disposed of assets amounting to S\$0.4 million (31 December 2021: S\$1.1 million).

12. Investment properties

	Group	
	As at 31 Dec 2022 S\$'000	As at 31 Dec 2021 S\$'000
<u>At fair value</u>		
Balance at beginning of the financial year	181,480	213,560
Property reclassified as held for sale	-	(4,935)
Disposal during the year	-	(19,820)
Changes in fair value included in profit or loss	15,360	(7,325)
Balance at end of the financial year	<u>196,840</u>	<u>181,480</u>

The fair values of the Group's investment properties have been determined based on the formal and desktop valuations conducted on 31 December 2021 and 31 December 2022 respectively by independent qualified valuers. The valuations were arrived at (i) by reference to market evidence of transacted prices per square meter in the open market for comparable properties, adjusted for differences such as location, age 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 are classified as Level 3 in the fair value hierarchy.

13. Subsidiaries

	Company	
	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000
Unquoted equity shares at cost	130,992	130,992
Add: Addition during the year	46,050	-
Less: Strike off	(1,125)	-
Less: Allowance for impairment	(53,345)	(51,608)
	122,572	79,384

In the current financial year, the Company capitalised S\$46.0 million of advances due from its subsidiaries to investment in subsidiaries (refer to note 10 (a)) and injected S\$0.05 million in a subsidiary.

The Company carried out a review of the recoverable amount of the investments in subsidiaries based on fair value less costs to sell. Based on the review performed, additional impairment of S\$1.123 million (31 December 2021: S\$12.7 million) was recognised during the financial year ended 31 December 2022.

14. Borrowings

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	52,461	191,730	5,000	5,000
Unsecured	3,040	3,093	-	80
	55,501	194,823	5,000	5,080
<u>Amount repayable after one year</u>				
Secured	165,841	146,907	2,500	5,000
Unsecured	6,534	9,670	-	-
	172,375	156,577	2,500	5,000
Total borrowings	227,876	351,400	7,500	10,080

Details of any collateral

Collateral for the above secured borrowings include mortgages over the Group's investment properties, development properties, leasehold properties, certain property, plant and equipment and fixed deposits and legal assignment of sales proceeds from the development properties. Certain bank facilities are also secured by corporate guarantees from the Company, two of its subsidiaries and guarantees from certain non-controlling shareholders of partially owned subsidiaries.

Covenants

A subsidiary of the Company had not complied with financial covenants on a banking facility consists of inter alia banker's guarantee for ongoing construction contracts and a fully paid bank loan (31 December 2021: S\$3.9 million). One off waiver had been obtained from the bank for the financial year ended 31 December 2022 with the bank reserves the right to recall the facility.

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

15. Share capital

	Group and Company			
	As at	As at	As at	As at
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	Number of ordinary shares		SS'000	SS'000
Issued and paid up:				
At beginning and end of the period	518,068,220	518,068,220	154,189	154,189

- a) During the financial year ended 31 December 2022, there was no change in the Company's share capital.
- b) As at 31 December 2022, total issued share capital of the Company was 518,068,220 (31 December 2021: 518,068,220) ordinary shares.
- c) As at the end of 31 December 2022, the Company does not have any outstanding treasury shares (31 December 2021: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 2022.
- d) As at 31 December 2022, there were no outstanding convertibles (31 December 2021: Nil).
- e) There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2022 (31 December 2021: Nil).

16. Reserves

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	SS'000	SS'000	SS'000	SS'000
Capital reserve	644	644	-	-
Warrants reserve	-	31	-	31
	644	675	-	31

The capital reserve arose from the gift of shares in the Company previously owned by the executive directors to certain employees of the Group in year 2012.

The warrants reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs. In 2017, the Company had issued and allotted 120,567,589 warrants, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.28 for each new share. The warrants have expired on 20 May 2022.

There are no outstanding warrants as at 31 December 2022 (31 December 2021: 120,567,589).

17. Profit (Loss) per share

	Group			
	2H2022	2H2021	FY2022	FY2021
Profit (Loss) per ordinary share based on weighted average number of shares (in cents)	2.07	(3.6)	2.34	(7.1)
Profit (Loss) per ordinary share based on a fully diluted basis (in cents)	2.07	(3.6)	2.34	(7.1)
Weighted average number of ordinary shares (in millions)	518.1	518.1	518.1	518.1

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares based on the weighted average number of shares for the respective periods.

18. Net asset value per share

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
Net asset value per ordinary share issued (in cents)	15.4	13.3	21.1	22.2

Net asset value per ordinary share as at 31 December 2022 and 2021 are calculated based on the number of ordinary shares in issue of 518,068,220.

19. Financial assets and financial liabilities

Set out is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 2021:

	Group		Company	
	As at 31 Dec 2022 S\$'000	As at 31 Dec 2021 S\$'000	As at 31 Dec 2022 S\$'000	As at 31 Dec 2021 S\$'000
Financial Assets				
Financial assets at amortised cost	143,853	170,034	161,580	120,934
Financial Liabilities				
Financial liabilities at amortised cost	456,716	572,228	94,899	85,578
Lease liabilities	1,612	2,487	-	-

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

The carrying amounts of other classes of financial instruments approximately their fair value.

20. Event after financial year end

Subsequent to financial year end 31 December 2022, the wholly owned subsidiary of the Company, Sino Holding (S'pore) Pte Ltd has subscribed 1.25 million right issue shares of Dalian Shicheng Property Development (S) Pte Ltd at S\$0.10 each for S\$0.125 million, increasing the Group shareholding from 25.4% to 42.97%.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The unaudited condensed interim consolidated statement of financial position of TA Corporation Ltd and its subsidiaries as at 31 December 2022 and the related unaudited condensed interim consolidated profit or loss and other comprehensive income, unaudited condensed interim consolidated statement of changes in equity and unaudited condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

2H2022 vs 2H2021

The Group's revenue for 2H2022 was S\$230.4 million, an increase of S\$117.9 million compared to S\$112.5 million in 2H2021.

Construction segment recorded revenue of S\$96.2 million for 2H2022, an increase of S\$1.1 million compared to S\$95.1 million for 2H2021 due to higher revenue recognised from progressive construction work for projects.

Real estate investment segment recorded revenue of S\$14.2 million for 2H2022, an increase of S\$2.5 million compared to S\$11.7 million for 2H2021 due to improvement in bed rate for Tuas South Dormitory compared with 2H2021.

Real Estate development segment recorded revenue of S\$114.5 million for 2H2022, an increase of S\$113.8 million compared to S\$0.7 million for 2H2021 due to revenue recognised from units sold for overseas development project.

Distribution segment recorded revenue of S\$5.6 million for 2H2022, an increase of S\$0.6 million compared to S\$5.0 million for 2H2021 due to higher revenue contribution from lubricant business in Myanmar.

Other income increased by S\$11.8 million to S\$17.5 million in 2H2022 compared to S\$5.7 million in 2H2021. The increase was mainly due to gain in fair value of investment properties. Other income in 2H2022 was mainly from the rental income from service apartment which was disposed of on 1 July 2022.

General and administrative expenses increased by S\$2.2 million to S\$11.1 million for 2H2022 compared to S\$8.9 million for 2H2021 mainly due to the increase in staff cost and other charges arising from refinancing of loan and trade financing fee charges.

Other operating expenses decreased by S\$16.3 million to S\$4.3 million for 2H2022 compared to S\$20.6 million for 2H2021 due mainly to lower impairment loss on investment properties, lower write-down of development properties and depreciation expenses.

Impairment loss on financial assets decreased by S\$0.4 million to S\$0.5 million in 2H2022 compared to S\$0.9 million in 2H2021 mainly due to lower impairment loss recognised on trade receivables and amount due from associate and joint ventures.

The share of profit, net of tax of associates and joint ventures increased by S\$0.5 million in 2H2022 mainly due to share of profit from the Group's 20%-owned associate in a property development project and contribution from joint ventures in Myanmar.

The Group recorded profit before income tax of S\$26.8 million for 2H2022 compared to loss before income tax of S\$18.2 million for 2H2021.

2. Review of performance of the Group - continued

FY2022 vs FY2021

The Group's revenue for FY2022 was S\$360.6 million, an increase of S\$142.4 million compared to S\$218.2 million in FY2021.

Construction segment recorded revenue of S\$209.0 million for FY2022, an increase of S\$27.2 million compared to S\$181.8 million for FY2021 due to higher revenue recognised from progressive construction work for projects.

Real estate investment segment recorded revenue of S\$26.9 million for FY2022, an increase of S\$3.7 million compared to S\$23.2 million for FY2021 due to improvement in bed rate for Tuas South Dormitory.

Real Estate development segment recorded revenue of S\$114.9 million for FY2022, an increase of S\$113.5 million compared to S\$1.4 million for FY2021 due to revenue recognised from units sold for overseas development project.

Distribution segment recorded revenue of S\$9.7 million for FY2022, a decrease of S\$2.0 million compared to S\$11.7 million for FY2021 due to lower revenue contribution from lubricant business in Myanmar.

Other income increased by S\$13.9 million to S\$22.5 million in FY2022 compared to S\$8.6 million in FY2021. The increase was mainly due to fair value gain from an investment property and contribution from higher occupancy rate from a service apartment in 1H2022 before the disposal of this apartment on 1 July 2022.

General and administrative expenses increased by S\$2.4 million to S\$20.4 million for FY2022 compared to S\$18.0 million for FY2021 mainly due to higher staff cost and other charges arising from refinancing of loan and trade financing fee charges.

Other operating expenses decreased by S\$18.9 million to S\$11.2 million in FY2022 compared to S\$30.1 million in FY2021. These were mainly due to lower impairment loss on investment properties, lower write-down of development properties and depreciation expenses.

Impairment loss on financial assets decreased by S\$0.5 million to S\$0.6 million in FY2022 compared to S\$1.1 million in FY2021 mainly due to lower impairment loss recognised on trade receivables, amount due from associate and joint ventures.

The share of profit, net of tax of associates and joint ventures of S\$1.7 million in FY2022 mainly due to share of profit from the Group's 20%-owned associate in a property development project and contribution from joint ventures in Myanmar.

Finance costs increased by S\$0.2 million to S\$11.3 million in FY2022 compared to S\$11.1 million in FY2021 mainly due to increase interest rates.

The Group recorded profit before income tax of S\$32.1 million for FY2022 compared to loss before tax of S\$34.2 million for FY2021.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follows:

- i) decrease in current and non-current trade and other receivables by S\$8.7 million was mainly due to lower trade and other receivable due collection from trade receivables before financial year end.
- ii) increase in inventories by S\$3.6 million was mainly due to an increase in inventory held for trading in distribution and construction segment (manufactured pre cast units).
- iii) decrease in contract assets by S\$4.4 million was mainly due to decrease in timing difference between construction costs incurred and revenue recognised from construction contracts and lower retention receivables held by contract customers as at financial year end.
- iv) decrease in development properties by S\$93.6 million was mainly due to transfer out of development cost due to recognition of revenue for overseas development projects and disposal of a service apartment.

2. Review of performance of the Group – continued

Review of cash flow, working capital, assets and liabilities - continued

- v) decrease in property, plant and equipment by S\$4.8 million was mainly due to depreciation charged for the year.
- vi) increase in investment properties by S\$15.4 million due mainly to gain in fair value from an investment properties.
- vii) increase in associate and joint ventures by S\$1.9 million due mainly to share of profit from the Group's 20%-owned associate in a property development project and contribution from joint ventures in Myanmar.
- viii) decrease in current and non-current borrowings by S\$123.5 million was mainly due to repayment of borrowings during the financial year.
- ix) increase in current and non-current trade and other payables by S\$11.9 million was mainly due to higher outstanding amount due to subcontractors and suppliers and loan from a company in which certain directors have control.
- x) decrease in contract liabilities by S\$19.7 million was mainly due recognition of revenue from cumulative progress billings from sold units of an overseas development property after completion of transfer of legal title to some of the buyers.

Cash and cash equivalents decreased by S\$12.8 million in FY2022 mainly due to the following items:

- i) net cash generated from operating activities of S\$103.1 million was mainly attributable to proceeds from disposal of development properties, net of collection from trade, other debtors and payment for construction cost incurred for on-going project and interest payment.
- ii) net cash generated from investing activities of S\$6.0 million was mainly due proceed from disposal of asset held for sale and proceed from disposal of property, plant and equipment.
- iii) net cash used in financing activities of S\$121.9 million was mainly due to net repayment of borrowings offset by loan from a company in which certain directors have control and released of pledged deposits due to settlement of borrowings and deposits pledged for an overseas development project.

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

The Company has not made any forecast or prospect statement for the year ended 31 December 2022 previously.

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

Ministry of Trade and Industry (“MTI”) announced on 13 February 2023, the construction sector grew by 10.0 per cent on a year-on-year in the fourth quarter of 2022, faster than the 8.1 per cent growth in the preceding quarter¹. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 1.4 per cent in the fourth quarter, extending the 2.1 per cent growth in the previous quarter.

Nonetheless, the Group expects the outlook for its construction segment to remain challenging on the back of higher material and manpower costs. The prevailing labour situation, along with rising construction material costs, is expected to pose operational challenges in this business segment. In addition, the current interest rate environment is expected to raise the Group's cost of borrowing and consequently affect its operation costs.

¹The strong growth of the sector in the fourth quarter of 2022 was mainly due to both public and private sector construction output increased.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months – continued

The Group's Purposed Built Dormitory occupancy and bed rate improved in tandem with the resumption of arrival of work pass workers to Singapore. Demand for migrant workers is expected to remain robust in line with the Building and Construction Authority estimating that Singapore's construction sector contracts will likely return to near pre COVID-19 levels. The inflationary pressure and rising interest rates that the Group is facing is expected to be alleviated by high occupancy and improved bed rates going forward. The Group shall remain agile and will calibrate its spaces and operations to ensure minimum impact from the dormitory transition scheme.

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

For the Construction segment, the Group remains focused on executing its order book of S\$104.7 million as at 31 December 2022 to be delivered progressively over the contract period. The Group will continue to be prudent in tendering for more construction projects where we have the requisite track record, experience and capabilities to ensure a consistently strong order book for sustainable growth. Nevertheless, given the prevailing market conditions, the Group will be selective in tendering for new projects.

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

5. Dividend information

(a) Current Financial Period Reported On

- (i) Any dividend declared for the current financial period reported on? No.
- (ii) Any dividend recommended for the current financial period reported on? No.

(b) Corresponding period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

No dividend for the financial year ended 31 December 2022 (31 December 2021: Nil) is recommended as the Group intends to conserve cash.

6. Interested person transactions

The Group has not obtained a general mandate for interested person transactions pursuant to Rule 920 of Listing Manual of the Singapore Exchange Securities Trading Limited (“SGT-ST”)

During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000)	
		2H2022 S\$'000	FY2022 S\$'000	2H2022 S\$'000	FY2022 S\$'000
<u>Prestige Resources Pte Ltd</u> Management service	Associate of directors - Liong Kiam Teck ("LKT"), Neo Tiam Boon ("NTB"), Neo Tiam Poon @ Neo Thiam Poon ("NTP"), and Neo Thiam An ("NTA")	(41)	211	N.A.	N.A.
<u>TAC Alliance Pte. Ltd.</u> Management service	Associate of directors - LKT, NTB, NTP and NTA	237	400	N.A.	N.A.
<u>MW Employment Agency Pte Ltd</u> Pre-Departure Preparatory Programmed (PDPP) service fee	Associate of directors - NTB and NTA	-	243	N.A.	N.A.
<u>Sinotac Group Pte. Ltd</u> Loan interest from a company in which certain directors have control	Associate of directors - LKT, NTB, NTP and NTA	191	365	N.A.	N.A.
Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes		267	525	N.A.	N.A.
<u>Neo Tiam Boon</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director and his spouse	84	165	N.A.	N.A.
<u>Liong Kiam Teck</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director and his children	69	135	N.A.	N.A.
<u>Neo Thiam Poon</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director	23	45	N.A.	N.A.

6. Interested person transactions - continued

Name of Interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000)	
		2H2022 S\$'000	FY2022 S\$'000	2H2022 S\$'000	FY2022 S\$'000
<u>Neo Bee Lan</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director's siblings	8	15	N.A.	N.A.
<u>Lee Hua Yong</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director's spouse	8	15	N.A.	N.A.
<u>Lee Kim Lian, Juliana</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Director's spouse	15	30	N.A.	N.A.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

We confirm that the Company has procured undertakings from all its directors and the executive officer based on the latest revised format set out in Appendix 7.7.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Neo Kian Lee	62	Sibling to Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An	Site Manager in charge of the properties operation of Sino Holdings (S'pore) Pte Ltd since January 1983.	N.A.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Liong Chai Yin, Fiona	43	Daughter of Liong Kiam Teck and niece of Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An	Manager (Marketing/ Business development (Overseas)), in charge of the marketing and project-related aspects of our real estate development division and the sourcing for real estate development and construction opportunities since year 2002.	N.A.
Liong Cailin, Wendy	40	Daughter of Liong Kiam Teck and niece of Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An	Group Chief Operating Officer, in charge of the operational functions of the Group.	N.A.
Liew Yit Chung, Timothy	45	Son-in-law of Liong Kiam Teck, Nephew in-law of Neo Tiam Boon, Neow Thiam An and Neo Tiam Poon @ Neo Thiam Poon	Director of TA Builders Pte. Ltd., TK Modular Pte. Ltd., TK Modular Sdn. Bhd. and Maju Modular Sdn. Bhd. He is also Strategic Assistance (CEO's office) of Tiong Aik Construction Pte. Ltd.	N.A.

9. Confirmation Pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the financial year ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Foo Soon Soo / Tam Siew Kheong

Company Secretaries
28 February 2023