



TA CORPORATION LTD

ANNUAL
REPORT
2016

FULFILLING
EXPECTATIONS
PROJECTING
GROWTH





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CORPORATE PROFILE

OUR VISION

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

OUR MISSION

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

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.

Backed by its competencies in the construction business and experience in working with established real estate developers, the Group has a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets. Some of its completed developments include *Leonie Hill Residences*, *The Citrine*, *Parc Seabreeze*, *Auralis*, *Coralis*, *Starlight Suites*, *Gambir Ridge*, *The Cristallo*, *The Skywoods* and *Terra Villas*, and major ongoing development projects such as *12 on Shan* and *Ascent@456*. *Ascent@456* achieved TOP in early 2017. The Group has also successfully ventured overseas through joint-ventures in property development projects in the PRC, Thailand, and Cambodia. Its regional portfolio include distinctive mixed-use developments such as *De Iyara*, *De Iyara Share* and *De Iyara Grande* in Thailand, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia.

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 over 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 established names, including government bodies such as the URA, HDB and JTC and established real estate developers such as Allgreen Properties Ltd, CapitaLand Residential Ltd, CapitaLand Commercial Ltd, The Ascott Group, Keppel Land Realty Pte Ltd, Wheelock Properties (S'pore) Ltd and Wing Tai Holdings Ltd.

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.

The Group has completed construction of the 9,180-bed Tuas South Dormitory in Singapore, which commenced business operations in 2016.

TA Corporation is also engaged in the distribution of high performance motor oil and lubricants in Singapore, Myanmar and Thailand. It also distributes automotive, industrial and aviation lubricants, passenger and light truck tyres and heavy commercial vehicles, truck, buses and automotive spare parts in Myanmar.

TA Corporation, through its subsidiaries, is also engaged in the design, installation and maintenance of air conditioning and mechanical ventilation systems ("ACMV") in Singapore and Cambodia.

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

CHAIRMAN'S STATEMENT

"2016 was a year where TA Corporation continued to keep our momentum to execute our expansion strategies in the region and strengthen the foundation for the Group's sustainable growth."

The Singapore real estate and construction sectors remain challenging in the near term. However, backed by our strong track record as a reliable building contractor, reputation for delivering quality, well-located residential developments and growing regional businesses, the Group remains adaptable to the constantly changing operating environment, and is poised to capitalise on any opportunities that might come our way."

Revenue

\$194.1 million
(2015: \$276.7 million)

Gross Profit

\$36.0 million
(2015: \$40.4 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, 2016 ("FY2016").

2016 was a year where TA Corporation continued to keep our momentum to execute our expansion strategies in the region and strengthen the foundation for the Group's sustainable growth. We are heartened that the Group's efforts in growing our regional businesses in the past years have helped cushion the impact of the challenges present in the weak property market and construction sector brought about by the sluggish economic sentiment in Singapore.

FINANCIAL REVIEW

The Group recognised revenue of \$194.1 million for FY2016, compared to \$276.7 million in the preceding financial year ("FY2015"). While the Group achieved higher revenue for its fast-growing distribution segment, this was more than offset by lower revenue from the real estate development and investment as well as construction segments. Gross profit posted for FY2016 was \$36.0 million, a 10.9% decrease as compared to \$40.4 million in FY2015. Gross profit margin however, improved from 14.6% in FY2015 to 18.5% this year.

Despite the lower revenue and tough operating environment, the Group managed to reduce its loss attributable to owners of the Company to \$6.7 million in FY2016, from \$23.9 million in FY2015.

We were able to maintain a positive financial position, with our cash and bank balances at \$91.5 million as at December 31, 2016, and a stable gearing ratio of 1.7 times, which is similar to that at the end of FY2015.

DIVIDEND

Notwithstanding our loss-making financial performance, the Group recognises and appreciates our shareholders who have continued to give us their support throughout the year. The Board of Directors thus, having taken into account the Group's stable financial position, is pleased to recommend a first and final dividend of 1.0 cent per share for FY2016. Similar to FY2015, we have retained the scrip dividend scheme, which will allow shareholders the flexibility to opt to receive their dividends in either scrip or cash. The scrip dividend scheme enables us to conserve cash for strategic and operational purposes.

YEAR IN REVIEW

Despite headwinds in the property and construction sectors over the last two years, TA Corporation remained



steadfast as we continued to focus on our capabilities in our construction and real estate core businesses, while at the same time, explore innovative ways to diversify income streams and expand regionally for sustainable long-term growth.

REAL ESTATE DEVELOPMENT

During the year, the Group's real estate development division stayed close to its strategy of operating with a prudent and targeted approach.

In 2016, we completed the development of *Terra Villas*, a private residential project in Singapore which comprises seven units of three-storey strata-titled terrace houses. Our 25%-owned associate's condominium project, the 420-unit *The Skywoods* at Diary Farm Heights, which was fully sold by the end of 2016, also secured its Temporary Occupation Permit ("TOP") in 2016.

The Group's project, *Ascent@456*, a 45-unit freehold residential and commercial mixed development at Balestier Road achieved TOP in early 2017. The Group sold 19 out of the 28 residential units at *Ascent@456* by the end of 2016, while the remaining 9 residential units were sold by early 2017.

During the year under review, the Group also commenced the development of its freehold real-

estate project *12 on Shan*, located in the Balestier area sited within 1 km to Health City Novena, an integrated healthcare master plan development in Singapore. *12 on Shan* comprises 78 residential units. The development was launched in January 2017.

The highlight in FY2016 for TA Corporation's real estate development division would have to be the successful launch of our large-scale commercial cum residential mixed-use development, *The Gateway* in Phnom Penh, Cambodia. *The Gateway* project, which was developed through a strategic partnership with Cambodian business veteran, Mr Ly Kunthai, will have 572 well-appointed residential units, 299 strata-titled office units and a commercial podium. Market response to this iconic development is encouraging and our progress in Cambodia has been reflective of the Group's ability to identify growth opportunities amidst an unfavourable operating landscape.

The other regional real estate opportunities that the Group had invested in have also continued to perform well. Our three projects in Thailand, developed via joint-venture partnerships with our Thai business partners have been well received by the local Thai market. Backed by the success of our first two project launches, *De Iyara* and *De Iyara*

Share, in 2013, which were fully sold within two weeks, the Group launched its third project, the 72-unit *De Iyara Grande*, in 2014, and completed construction of the development in 2016. *De Iyara Grande* is currently over 70% sold.

REAL ESTATE INVESTMENT

In 2016, the Group also completed construction of the 9,180-bed *Tuas South Dormitory*. The dormitory, which commenced business operations in 2016, is one of the largest purpose-built workers' accommodation facilities in the country that caters to foreign workers in the marine, process, manufacturing and construction industries.

CONSTRUCTION

The construction arm, one of the Group's core businesses of over 40 years, continued to make significant contributions to the Group's success.

Our construction activities are carried out by the Group's wholly-owned Tiong Aik Construction Pte Ltd ("TAC"), a name that holds a reputation for quality and reliability in the Singapore construction scene and a track record of delivering successful projects for public sector bodies such as the URA, HDB and JTC as well as major private developers.

CHAIRMAN'S STATEMENT

The soft residential property market which persisted in 2016 has dampened the private residential construction sector. However TAC remains supported by a resilient order book of approximately \$171 million as at December 31, 2016, to be delivered progressively over the next two years.

As part of the Group's growing suite of complementary construction services, the Group's pre-cast concrete components factory in Johor, Malaysia, has been supplying its products to major infrastructure, commercial and residential projects in Singapore and Malaysia during its first full year of operations in 2016. Demand for pre-cast components has been supported by our construction arm and a growing base of customers.

DISTRIBUTION

Since its establishment in 2012, TA Corporation's distribution business has been rapidly expanding and is contributing positively to the Group's top and bottom lines. The Group is involved in the distribution of high performance motor oil and lubricants in Singapore, Myanmar, Thailand and the region. In Myanmar, the Group is also involved in the distribution of automotive, industrial and aviation lubricants, passenger and light truck tyres as well as heavy commercial vehicles, truck, buses and automotive spare parts.

LOOKING AHEAD

The Singapore real estate and construction sectors remain challenging in the near term. However, backed by our strong track record as a reliable building contractor, reputation for delivering quality, well-located residential developments and growing regional businesses, the Group remains adaptable to the constantly changing operating environment, and is poised to capitalise on any opportunities that might come our way.



To ensure the sustainable growth and expansion of our core property development business, the Group will continue to selectively evaluate land acquisition opportunities and engage in strategic partnerships in Singapore and in South East Asian countries.

In Thailand, we are holding, for future development, two quality land plots that are situated near Bangkok in Pathum Thani Province. The land bank comprises a 1,586 sq m freehold site planned for development into serviced apartments and two plots of freehold land with total area of 89,580 sq m planned for multi-phased mixed development. In Cambodia, our land bank comprises a 20,515 sq m freehold site in Phnom Penh City, which is planned for development into a mixed-use residential and commercial development.

For the Group's distribution business, TA Corporation will continually work towards expanding its business network, so as to grow its distribution business in the region.

Going forward, we will continue to exercise our strategy of diversification and regional expansion; growing our recurring income base while selectively pursuing earnings accretive property development and construction opportunities in Singapore and South

East Asia. That said, we will also maintain prudence and discipline while pursuing growth and be vigilant on costs incurred through our operations.

I am confident that with TA Corporation's strong business fundamentals, and with the continued support of our valued stakeholders, we will be able to emerge stronger from the current weak economy and to see better days ahead when the overall market recovers.

In closing, I extend my sincere appreciation to our customers, stakeholders and investors for their continuous support throughout the year. I also want to thank our Board of Directors as well, for their guidance and wise counsel. Last but not least, I must also thank our management and staff for their dedication and work in the past year. Together, we will bring TA Corporation to greater heights in the future. Thank you.

LIONG KIAM TECK

Executive Chairman

March 31, 2017

OPERATIONS REVIEW



Singapore's construction and property markets remained challenging in 2016 with interest rate hikes and uncertainty in regional economic growth. The continued economic weaknesses in the region further dampened the Group's regional property development business.

But TA Corporation remains positive, and on the lookout for growth opportunities available in Singapore and the region. Looking ahead, the Group will continue monitoring market conditions in Singapore and the region closely. The Group will also continue our focus on Southeast Asian markets to diversify and grow our recurring income base.

CONSTRUCTION

For FY2016, contributions from the Group's construction segment came in lower at \$129.9 million, a decrease of 29.1% from \$183.1 million a year ago due to lower progressive construction work completion for the Group's on-going projects. Construction however, continues to be one of TA Corporation's main contributors, accounting for approximately 66.9% of total Group's revenue for FY2016.

The private residential property construction sector in Singapore stayed challenging in 2016. According to the BCA, construction demand from the private sector in 2016 slowed down due to less favorable economic conditions and an increased supply of completed private housing projects – with private construction projects demand reduced to \$10.3 billion¹ as compared to \$13.2 billion in 2015².

Notwithstanding the slowdown in activity faced by the construction sector, TA Corporation's construction arm, TAC, remained active with a portfolio of ongoing developmental projects in Singapore: *Highline Residences* (a private residential project) and the *German European School Singapore* (a six-storey educational block and two-storey sports block). Secured in January 2016, the \$94.0 million construction contract for the *German European School Singapore* near the Dairy Farm Nature Reserve was testament to the Group's diverse capabilities as a top-tier construction company despite operating in a highly competitive construction environment. The project is slated for completion in March 2018.

In 2016 TAC also completed construction for *Riversails* (a private residential project) and the *Tuas South Dormitory* (comprising five nine-storey workers dormitory blocks, a two-storey administrative block and a two-storey block of commercial facilities).

As a further validation of the Group's experience and capabilities as a leading name in the construction sector, TA Corporation's construction projects received several awards in 2016, awarded by the following organisations:

Building Construction Authority of Singapore

- 2016: BCA Quality Mark (QM) For Good Workmanship Excellent Rating – The Sorrento
- 2016: BCA BIM (Building Information Modelling) Award (Projects) Gold – Marine Blue
- 2016: BCA BIM Award (Organisation) Gold Plus
- 2016: BCA Construction Excellence Award (Merit) – Nouvel 18

¹ https://www.bca.gov.sg/keyconstructioninfo/others/free_stats.pdf

² https://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prosppects_150116.pdf

OPERATIONS REVIEW



Workplace Safety and Health (WSH) Council and the Ministry of Manpower

- 2016: Workplace Safety & Health Performance Awards 2016 – Sharp Awards – Highline Residences

To maintain its competitiveness in the industry, the Group believes in extending its construction capabilities with a specialised suite of construction related businesses. TA Corporation's pre-cast concrete manufacturing plant in Johor, Malaysia, which commenced operations since late 2015, has been targeting Singapore and Malaysia as the principal markets for pre-cast components products and fulfilling the growing demand for pre-cast concrete components to enhance productivity in construction.

The Group's subsidiary, Aston Air Control Pte Ltd, an established company that carries out the design, installation and maintenance of Air-Conditioning & Mechanical Ventilation ("ACMV") systems in Singapore, has been operating for more than 15 years in Singapore. In 2014, the Group expanded into Cambodia via the establishment of a joint venture company, Alpha Air Pte Ltd, in the ACMV business.

Adding onto its suite of complementary business units is Credence Engineering Pte. Ltd., a wholly-owned subsidiary of TA Corporation involved in the fabrication of metal frameworks, erection of building structural steels, as well as in the management of TA Corporation's construction machinery.

REAL ESTATE DEVELOPMENT

The Group’s real estate development segment continued to be a significant contributor to the Group’s financial performance, making up 17.8% of total Group’s revenue for FY2016. The Group’s real estate development sector contributed revenue of \$34.6 million in FY2016, representing a 53.6% year-on-year decrease, due mainly to the absence of revenue contribution from a project that had achieved TOP in December 2015, and an overall decrease in contributions from on-going projects.

In Singapore, the Group saw positive contributions from *The Cristallo*, a residential development in the Telok Kurau area, *Ascent@456*, a mixed development comprising retail and residential units located in the Balestier area, and *Terra Villas*, a residential development at Kembangan.

The segment’s performance was also supported by contributions of \$10.5 million from the Group’s overseas developments, which made up 30.3% of revenue in this segment. The positive contributions came mainly from the Group’s subsidiaries in Thailand with the handover of sold units to buyers.

In addition, in late February 2016, the Group saw the successful launch of TA Corporation’s large-scale commercial cum residential mixed-use development, *The Gateway* in Phnom Penh, Cambodia. The development received enthusiastic responses from both Cambodian and international buyers and was subsequently launched in Singapore in early March 2016.

In the year ahead, the Group will continue to expand and develop its land bank which currently includes:

- 1,586 sq m freehold site for development into serviced apartments and two other plots of freehold land with a total area of 89,850 sq m planned for multi-phased mixed development, all in Pathum Thani, Thailand; and

- 20,515 sq m freehold plot in Phnom Penh, Cambodia for a proposed mixed-use residential and commercial development.

REAL ESTATE INVESTMENT

In line with TA Corporation’s strategy to grow its recurring income streams, the Group expanded its workers’ accommodation business and has more than 10,000 dormitory beds under management in Singapore. Nexus Point, a 62%-owned subsidiary, developed the 9,180 bed *Tuas South Dormitory* which commenced operations in 2016. *Tuas South Dormitory* is one of the largest purpose-built dormitories in Singapore and is equipped to be self-sufficient to meet the needs of its residents. The Group’s dormitory business expanded significantly with this addition. Against the challenging economic environment in Singapore, the Group will continue its sales and marketing efforts for its dormitory services.

The Group also holds as investment property of approximately 4,235 sq m of commercial units at New World Centre, 1 Jalan Berseh, Singapore.

DISTRIBUTION BUSINESS

TA Corporation’s distribution business continued to push on strongly in FY2016, with revenue increasing by 23.4% to \$21.6 million, from \$17.5 million a year

ago. The key revenue drivers for this segment were higher contributions from the Myanmar market, a result that has validated the Group’s strategy of targeting distributorship opportunities in key Southeast Asian markets.

Through its subsidiaries, TA Corporation currently holds distribution rights to BP’s lubricant products in Singapore, B2B and B2C distributorships of Shell’s automotive, aviation and industrial lubricants; and distributorship for passenger and light truck tyres of the ‘Continental’ brand in Myanmar, as well as high performance motorcycle lubricant under the ‘Repsol’ brand and motorcycle spare parts in Thailand.

The Group’s 50%-owned joint ventures for the above distribution of lubricants and related products, tyres, trucks, buses, vans and other commercial vehicles business have expanded rapidly with key distributorships in Myanmar and across regional markets, including Singapore and Thailand.

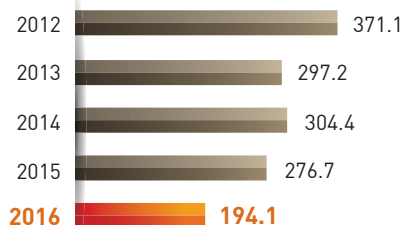
Riding on the success of its South East Asian distribution businesses, the Group plans to expand its business networks and channels, together with its suite of distribution products, so as to capitalise on opportunities beyond the current markets of Myanmar, Thailand and Singapore.



FINANCIAL HIGHLIGHTS

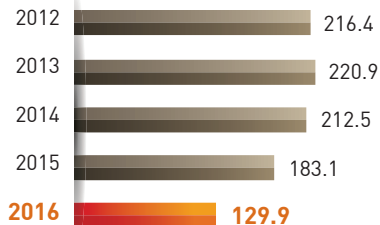
GROUP REVENUE

(\$' MILLION)



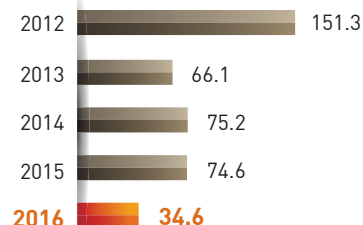
CONSTRUCTION

(\$' MILLION)



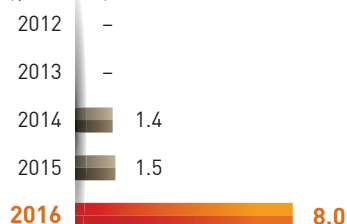
REAL ESTATE DEVELOPMENT

(\$' MILLION)



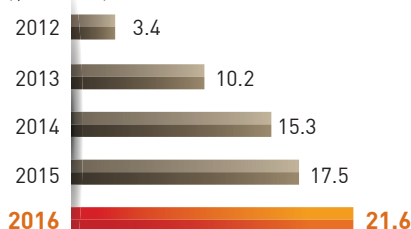
REAL ESTATE INVESTMENT³

(\$' MILLION)



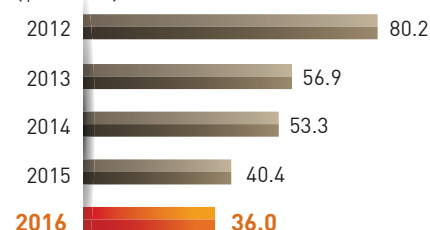
DISTRIBUTION

(\$' MILLION)



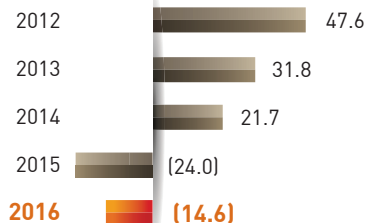
GROSS PROFIT

(\$' MILLION)



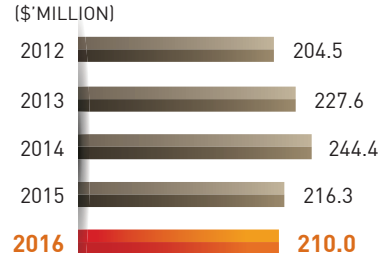
PROFIT (LOSS) AFTER TAX

(\$' MILLION)



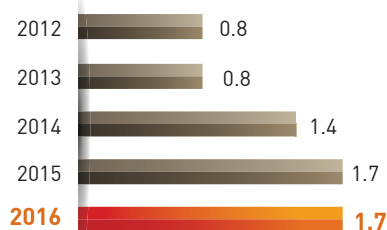
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(\$' MILLION)



GEARING RATIO

(TIMES)



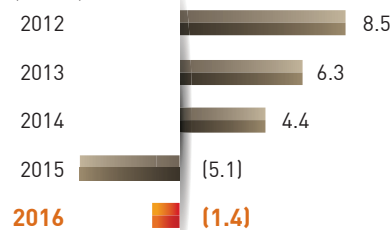
NET ASSET VALUE PER SHARE¹

(CENTS)



EARNINGS (LOSS) PER SHARE²

(CENTS)



¹ Based on issued share capital of 482,270,359 shares for FY16 and 465,000,000 shares for FY15, FY14, FY13 and FY12

² Based on weighted average number of 475,074,376 shares for FY16 and 465,000,000 shares for FY15, FY14, FY13 and FY12

³ For FY12 and FY13, the revenue was included in other income

BOARD OF DIRECTORS



He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 27 April 2016. 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 40 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.



He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 22 April 2015. As the Group's Chief Executive Officer, Mr Neo Tiam Boon, PBM responsibilities include overall business development, financial and strategic planning, sales and marketing as well as human resources of the Group. Mr Neo Tiam Boon, PBM has been with our Group since 1996 and has over 18 years of management experience.

Over the years, he has established a network of relationships with developers, customers, consultants and architects within the industry.

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



He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 23 April 2014. Mr Neo Tiam Poon @ Neo Thiam Poon is in charge of the overall project management of our various construction projects, conducts periodic quality and safety checks to ensure that quality and safety management systems are adhered to closely. He is also in-charge of the pre-cast concrete manufacturing business. Mr Neo Tiam Poon @ Neo Thiam Poon has been with us since 1976 and has over 40 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.



He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 27 April 2016. Mr Neo Thiam An is in charge of the management of the site operations of developments for external developers as well as our own in-house developments. Mr Neo Thiam An has been with the Group since 1977 and has over 36 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



He was appointed as the Group's Independent Director on 20 September 2011 and was last re-elected as Director on 22 April 2015. He serves as the Chairman of the Group's Remuneration Committee and is a member of the Audit Committee.

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



He was appointed as the Group's Independent Director on 20 September 2011 and was last re-elected as Director on 23 April 2014. He serves as the Group's 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.



He was appointed as the Group's Independent Director on 20 September 2011 and was last re-appointed as Director on 27 April 2016. He serves as the Chairman of the Group's Audit Committee and is a member of the Remuneration Committee and the Nominating Committee. Mr Lim is also the Group's Lead Independent Director.

Since 1996, Mr Lim has been the managing director of Aries Investments Pte Ltd, a private investment holding company with its principal interests in the investment of quoted securities and overseas properties. Prior to that, he founded Lim Associates (Pte) Ltd (now known as Boardroom Corporate & Advisory Services (Pte) Ltd) in 1968 and was its managing director until his retirement in 1995. Mr Lim has more than 30 years of experience and knowledge in the corporate secretarial field, which includes advising listed companies on compliance with the listing rules. Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors. Mr Lim is also an independent director of four public listed companies in Singapore, namely King Wan Corporation Limited, Huan Hsin Holdings Ltd, GP Industries Ltd and Colex Holdings Limited. He currently serves as the chairman of audit committees of King Wan Corporation Limited and Huan Hsin Holdings Ltd, chairman of nominating committee of GP Industries Ltd as well as chairman of remuneration committee of Colex Holdings Limited.

CORPORATE SOCIAL RESPONSIBILITY



GROWING SUSTAINABLY

TA Corporation is committed to integrating environment and corporate sustainability while conducting our business. As a diversified business group with operations spanning real estate, construction, distribution and workers' training and accommodation, we recognise the social, environmental and ethical effects our business decision 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 then 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 the Green & Gracious Builder (Excellent) Award.

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. Furthermore, we ensure that air-conditioning systems for our projects and our corporate offices in Singapore are energy efficient, giving preference to equipment with the Energy Star logo.

In terms of conserving water, our Group 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.

In our efforts to reduce paper usage, the Group provided our staff with tips on paper conservation such as printing only where necessary, printing on both sides of a page, and reusing and recycling used paper. Recycling bins are also conveniently placed at our project sites.

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

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

- (i) extensive use of recycled aggregates for non-structural applications like drains, road kerbs and wheel stoppers;
- (ii) use of energy efficient equipment and green label photocopiers in the site office;
- (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; and
- (iv) providing covered walkways around the site where there is heavy usage by the general public.

CORPORATE SOCIAL RESPONSIBILITY

PROVIDING EQUAL OPPORTUNITIES

Our Group recognises the importance of managing and developing human capital in a positive work environment. We are an equal opportunity employer that adopts fair employment practices. Recruitment advertisements placed in the newspapers and recruiting websites do not have gender, ethnic and age preferences. Our recruitment efforts are focussed on matching the requirements of the job with the potential candidate's ability to perform and deliver results. Our Group is committed to managing occupational health and safety issues, and preference is given to engaging OHSAS 18000-certified or bizSAFE-certified vendors/contractors for our projects under development.

GIVING BACK TO THE COMMUNITY

Our Group is committed to giving back to the communities we operate in and we choose to be an active, contributing member of society. We aim to support local communities through direct financial support, by way of donations and regular community outreach initiatives organised by the Group.

In April 2016, TA Corporation organised a half-day charity event at the Singapore Discovery Centre for underprivileged children who came from selected homes and family service centres in Singapore. The charity event, which was designed to create a positive, caring and structured environment for disadvantaged children saw TA Corporation's volunteers pairing up with the children and their care-givers, and taking them on guided tour around the Singapore Discovery Centre. Highlights of the event included visiting Singapore Discovery Centre's Army Museum, watching a 3D movie, a magic show and a balloon sculpting performance. TA Corporation presented gifts of toys

and stationary to the children, which were donated by TA Corporation's employees.

In January 2017, we marked the fifth year of our 'One Community Day' outreach programme, where TA Corporation's employees participated in food delivery for the elderly and low-income households at Marine Parade GRC, in support of SG Cares. SG Cares is a national movement co-led by the National Volunteer & Philanthropy Centre as well as the National Council of Social Service, to harness the goodwill of Singaporeans and guide them to better help those in need.

January 2017 also saw the start of TA Corporation's drive to extend the Group's Corporate Social Responsibility ("CSR") efforts to regional countries that we operate in. Our first event outside of Singapore was a visit to the *Kyaik Wine Boys' Training School* in Yangon, Myanmar. *Kyaik Wine Boys' Training School* is a place where vulnerable children such as those in special protection and care, those involved in armed conflict, those who are in conflict with the law, as well as orphans, destitute children, violent, neglected and exploited children receive care. The school's mission is to provide these underprivileged children with their basic needs, health care, education and vocational training. Currently, the school is home to at least 100 boys, with ages from 8 to 18 years old.

The outreach event, which took place on January 7, 2017, was organised to establish meaningful partnerships with our stakeholders who share our vision in making a difference in local communities. The event is also in line with the TA Corporation's objectives to develop charitable programs that

can improve the lives of those living in developing countries and to support local communities through employee volunteering initiatives. During the visit to *Kyaik Wine Boys' Training School*, TA Corporation's employees cooked and served the children a celebration feast, held performances for the children and distributed donation packs to them.

Through our efforts towards being an exemplary corporate citizen, TA Corporation hopes to inspire and encourage our employees to do their part in contributing to a better world as well.

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 in complying with the Code of Corporate Governance. This report sets out the Group’s corporate governance practices for the financial year ended 31 December 2016 (“FY2016”) with reference to the Code of Corporate Governance 2012 (the “2012 Code”).

BOARD MATTERS

The Board’s Conduct of Affairs

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

The Board of Directors of the Company (the “Board”) provides leadership to the Group by setting the corporate policies and strategic aims. The Board oversees the Group’s affairs and is accountable to shareholders for the management of the Group business and its performance. The Board has in place a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and the matters that are specifically reserved to the Board for approval.

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

- (a) provide entrepreneurial leadership, set strategic aims, 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 strategic formulation.

Matters specifically reserved for the Board’s decision are:

- (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 amounts falls within Rule 1004(b) to (d) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

STATEMENT OF CORPORATE GOVERNANCE

Sustainability issues

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 on pages 11 and 12.

Independent judgement

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

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

Mr Liong Kiam Teck	Executive Chairman
Mr Neo Tiam Poon @ Neo Thiam Poon	Deputy Executive Chairman
Mr Neo Tiam Boon	Chief Executive Officer and Executive Director and member of Nominating Committee ("NC")
Mr Neo Thiam An	Executive Director
Mr Lim Hock Beng	Lead Independent Director, Chairman of Audit Committee ("AC") and member of NC and the Remuneration Committee ("RC")
Mr Lee Ah Fong	Independent Director, member of AC and Chairman of RC
Mr Mervyn Goh Bin Guan	Independent Director, member of AC and RC and Chairman of NC

The present Board comprises seven members, three of whom are independent directors.

Key information regarding Directors

Key information on the Directors is set out on pages 9 to 10 of this Annual Report.

Delegation by the Board

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.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each Committee.

STATEMENT OF CORPORATE **GOVERNANCE**

Directors' attendance at Board and Board Committees meetings in FY2016

	Board	Audit	Remuneration	Nominating
Number of meetings held	4	5	1	1
Name of Directors	Number of meetings attended			
Mr Liong Kiam Teck	4	4*	N.A.	N.A.
Mr Neo Tiam Poon @ Neo Thiam Poon	4	4*	N.A.	N.A.
Mr Neo Tiam Boon	4	5*	1*	1
Mr Neo Thiam An	4	4*	N.A.	N.A.
Mr Lim Hock Beng	3	5	1	1
Mr Lee Ah Fong	4	5	1	N.A.
Mr Mervyn Goh Bin Guan	4	5	1	1

N.A. – The Directors are not members 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.

Orientation, briefings, updates and trainings provided for directors in FY2016

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

Incoming Directors joining the Board will be briefed by the NC on their Directors' duties and obligations and be introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The incoming Directors will meet the senior management and the Company Secretaries to familiarise 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.

The Directors are continually and regularly updated on the Group's business and governance practices. On a quarterly

STATEMENT OF CORPORATE GOVERNANCE

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 2016 include the following:

- The external auditors briefed the AC members on developments in accounting and governance standards and financial reporting standards relevant to the Group.
- The Board was briefed on relevant rules and a regulation including requirements of the SGX-ST's listing rules, the amendments to the Companies Act and the guidelines of the 2012 Code by the Company Secretaries.
- The CEO updates the Board at least quarterly the Group's business and strategic developments.
- Management highlights salient issues as well as risk management considerations on industry-related matters.
- The Directors had also attended appropriate courses, conferences and seminars at the Company's 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.

Board Composition and Guidance

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

Director's independence

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 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.

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

For the purpose of determining Directors' independence, every Director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the Executive Directors, all the other Directors on the Board are considered by the NC and the Board to be Independent Directors. None of the Directors have served on the Board for a period exceeding nine years from the date of their appointments.

STATEMENT OF CORPORATE **GOVERNANCE**

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

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

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

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.

The Executive Chairman and the CEO are immediate family members and are part of the management team. Accordingly, in compliance with Guideline 3.3 of the 2012 Code, the Company has appointed Mr Lim Hock Beng as the Lead Independent Director.

Under Guideline 2.2 of the 2012 Code, the Independent Directors should make up half the Board where the Chairman and the CEO are immediate family members; and where the Chairman is part of the management team and is not an Independent Director. The statement issued on 2 May 2012 by the Monetary Authority of Singapore provides for a longer transition period of up to the AGM in 2018 for the Board to comply with Guideline 2.2. The Company will seek to comply with Guideline 2.2 by the stipulated deadline.

Board Membership

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

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

Mr Mervyn Goh Bin Guan	Chairman	Independent Director
Mr Lim Hock Beng	Member	Lead Independent Director
Mr Neo Tiam Boon	Member	CEO and Executive Director

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

- (a) review of Board succession plans for Directors, in particular, the Chairman and the CEO;
- (b) develop a process for evaluation of the performance of the Board, its Board Committees and Directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual Directors, including setting a limit on multiple board representations for Directors where applicable;

STATEMENT OF CORPORATE GOVERNANCE

- (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.

Alternate Director

The Company has no alternate directors on its Board.

Selection and Appointment and Re-appointment

The Company has in place policy and procedures for the appointment of new Directors to the Board, including a description on the search and nomination process. The NC will determine the criteria for identifying candidates and review nominations for the appointment of Directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent.

The Directors are required to submit themselves for re-election at regular intervals of at least once every three years in accordance with the Company's Constitution. Subject to the nomination by the NC, a retiring Director is eligible for re-election. Pursuant to the Company's Constitution, Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon and Mr Mervyn Goh Bin Guan will retire by rotation pursuant to Article 91 of the Constitution and are eligible for re-election at the forthcoming AGM. Taking into account their attendance and participation at Board meetings, the NC is satisfied that Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon and Mr Mervyn Goh Bin Guan have committed their time to effectively discharge their responsibilities. The NC has recommended their re-election.

Directors' multiple Board representations

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.

Succession planning

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

Board Performance

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

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

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

STATEMENT OF CORPORATE **GOVERNANCE**

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 self-evaluation based on factors such as knowledge of the Company's business and industry knowledge and contribution to Board discussion. The Directors' evaluations are consolidated by the Company Secretaries and are reviewed by the NC.

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

Access to Information

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

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

Mr Lee Ah Fong	Chairman	Independent Director
Mr Lim Hock Beng	Member	Lead Independent Director
Mr Mervyn Goh Bin Guan	Member	Independent Director

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

- (a) review and recommend to the Board a framework for remuneration for the Directors and key management personnel of the Company;
- (b) review and recommend Directors' fee for Independent Directors for approval at the AGM;
- (c) determine specific remuneration packages for each Executive Director as well as key management personnel;
- (d) review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- (e) review the remuneration of employees who are immediate family members of Director or the CEO to ensure that the remuneration of each of such employee commensurates 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 on the request of management or as it deems appropriate for the Company.

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.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

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

Remuneration of Executive Directors and key management personnel

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. For Executive Directors, service agreements are in place between each Executive Director and the Company. 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 is 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.

STATEMENT OF CORPORATE **GOVERNANCE**

Remuneration of Independent Directors

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 2016 in accordance with the fee structure subject to shareholders' approval at the Company's AGM.

Disclosure on Remuneration

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

Remuneration of Directors and the CEO

The remuneration paid to or accrued to each individual Director and the CEO for FY2016 is as follows:

Remuneration Bands	Fee %	Fixed Remuneration %	Performance related Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
<u>\$500,001 to \$750,000</u>					
Mr Liong Kiam Teck	-	93.5	-	6.5	100
<u>\$250,001 to \$500,000</u>					
Mr Neo Tiam Poon @ Neo Thiam Poon	-	90.7	-	9.3	100
Mr Neo Tiam Boon	-	90.0	-	10.0	100
Mr Neo Thiam An	-	89.7	-	10.3	100
<u>Up to \$250,000</u>					
Mr Lim Hock Beng	100	-	-	-	100
Mr Lee Ah Fong	100	-	-	-	100
Mr Mervyn Goh Bin Guan	100	-	-	-	100

To maintain confidentiality of the remuneration policies of the Group, the Board is of the view that it is in the best interests of the Group not to fully disclose details of remuneration of each individual Director and the CEO.

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Remuneration of key management personnel

The remuneration paid to or accrued to top five key management personnel (who are not Directors nor the CEO) for FY2016 is as follows:

Remuneration Bands	Fixed Remuneration %	Variable Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
<u>\$250,001 to \$500,000</u>				
First Executive	80.5	12.4	7.1	100
Second Executive	76.1	15.9	8.0	100
Third Executive	75.7	11.7	12.6	100
<u>Up to \$250,000</u>				
Fourth Executive	66.9	13.9	19.2	100
Fifth Executive	73.7	7.4	18.9	100

Due to competition-related reasons, the names of the top five key management personnel are not disclosed.

For the financial year ended 31 December 2016, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five key management personnel was \$1,210,159.

Remuneration of employees who are immediate family members of a Director or the CEO:

Saved as disclosed in the following table, there is no other employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds \$50,000 during the financial year ended 2016.

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

STATEMENT OF CORPORATE GOVERNANCE

Share Option Scheme

The Company does not have any share option or other share incentive schemes for its employees.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the CFO in her capacity as an Executive Officer.

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

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

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

Risk Management and Internal Controls

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

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

The AC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of controls, including financial, operational and compliance controls, established by management. In assessing the effectiveness of internal controls, 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.

STATEMENT OF CORPORATE GOVERNANCE

The key risks of the Group are deliberated by management and reported to the AC regularly. The AC is assisted by a Risk Management Committee ("RMC") comprising of senior management personnel including the CEO, CFO, Assistant General Manager (Business Development) and other senior personnel, has oversight of risk management in the Group to ensure that a robust risk management system is maintained. The AC reviews the adequacy and effectiveness of the internal controls, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group are adequate and effective.

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 assurances from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks were adequate for the year ended 31 December 2016.

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.

Assurance from CEO and CFO

For the financial year ended 31 December 2016, the Board has received assurance from the CEO and CFO in the execution of their respective duties as CEO and CFO and to the best of their knowledge and belief, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal control system.

Audit Committee

Principle 12: *The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.*

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

Mr Lim Hock Beng	Chairman	Lead Independent Director
Mr Lee Ah Fong	Member	Independent Director
Mr Mervyn Goh Bin Guan	Member	Independent Director

The Chairman of the AC, Mr Lim Hock Beng, is a fellow member of the Singapore Institute of Director. The Board is satisfied that the members of the AC including the Chairman have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The AC 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.

STATEMENT OF CORPORATE GOVERNANCE

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

- (a) To review the financial statements of the Company and the Group before submission to the Board;
- (b) To review the audit plans of the Company and the external auditors' reports including key audit matters included in the Auditor's Report with the external auditors;
- (c) To review the effectiveness and adequacy of the internal audit functions;
- (d) 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;
- (e) To review interested person transactions and potential conflicts of interest; and
- (f) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

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

The 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 \$19,000 or 5.9 % 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.

Whistle-blowing

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 executive members of the Board or senior management as appropriate.

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

STATEMENT OF CORPORATE GOVERNANCE

Internal Audit

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

The Company has engaged Saw Meng Tee & Partners PAC, an accounting firm registered with ACRA as its internal auditor ("IA"). The IA reports directly to the Chairman of the AC on all internal audit matters. The IA identifies, evaluates significant risks and develop risk-based audit plan for approval by the AC and provides independent assessment and reasonable assurances on areas of operation reviewed, advise and recommend the best practices that will improve and add value to the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Communication with shareholders

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

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

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

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

- (a) SGXNET announcements;
- (b) Annual Report prepared and issued to all shareholders;
- (c) News releases on major developments of the Group;
- (d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings ("EGM"); and
- (e) Company's website at www.tiongaik.com.sg at which shareholders can access timely information on the Group.

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

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notices of the AGM/EGM will be advertised in newspapers and announced on SGXNET.

STATEMENT OF CORPORATE GOVERNANCE

Conduct of Shareholder Meetings

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

The Group supports and encourages active shareholders participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company website.

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 agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

The details of dividend payment to shareholders will be disclosed via the release of the announcements through SGXNET.

Interested Persons Transactions

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Details of IPT for the year ended 31 December 2016 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (\$'000)
Mr Liong Kiam Teck*	598	N.A.
Prestige Resources Pte Ltd	309	N.A.
Tac Alliance Pte. Ltd.	180	N.A.
Edgewell Investments Pte. Ltd.	240	N.A.

* On 22 January 2014, the Company's subsidiary, Sinotac Builder's (S) Pte Ltd entered into a cost-plus contract for the erection of three 3-storey strata bungalows with Mr Liong Kiam Teck, the Executive Chairman of the Company. Estimated cost of S\$4 million plus a 5% mark up on cost incurred shall be billed progressively according to work done. For the year ended 31 December 2016, final billing of S\$597,654 was rendered. As at 31 December 2016, cumulative billing of S\$4,565,707 has been rendered based on certified work done. The project achieved TOP in the 4th quarter 2015.

Dealing in Securities

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

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

The Directors and senior management know of and a new director or senior management staff will be briefed that the Company should comply with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted trading periods. The Company has complied with Listing Rule 1207(19)(c).

Material Contracts

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

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

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 38 to 109 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, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Liong Kiam Teck
 Neo Tiam Poon @ Neo Thiam Poon
 Neo Tiam Boon
 Neo Thiam An
 Lim Hock Beng
 Lee Ah Fong
 Mervyn Goh Bin Guan

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings/ Debentures registered in name of director		Shareholdings/ Debentures in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The Company</u> (Ordinary shares)				
Liong Kiam Teck	152,923,950	159,572,818	20,000	20,000
Neo Tiam Poon @ Neo Thiam Poon	73,403,496	76,594,953	-	-
Neo Tiam Boon	77,141,637	80,495,622	-	-
Neo Thiam An	36,361,917	37,942,870	-	-
Lim Hock Beng	100,000	100,000	-	-

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of directors and companies in which interests are held	Shareholdings/ Debentures registered in name of director		Shareholdings/ Debentures in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The Company</u>				
(\$75 million 5.25% medium term notes due in October 2016)				
Liong Kiam Teck	-	-	1,750,000	-
Neo Tiam Poon @ Neo Thiam Poon	-	-	1,750,000	-
Neo Tiam Boon	-	-	1,750,000	-
Neo Thiam An	-	-	2,000,000	-
(\$40 million 5.50% medium term notes due in March 2018)				
Liong Kiam Teck	-	1,000,000	-	-
Neo Tiam Poon @ Neo Thiam Poon	-	250,000	-	-
Neo Tiam Boon	-	1,000,000	-	500,000
Neo Thiam An	-	-	-	250,000
Lim Hock Beng	-	250,000	-	-
Mervyn Goh Bin Guan	-	-	-	250,000

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, 2017 were the same as at December 31, 2016.

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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, all of whom are independent and non-executive. The Chairman of the AC is Lim Hock Beng and the other members of the AC are Lee Ah Fong and Mervyn Goh Bin Guan.

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

The key responsibilities of the AC include the following:

- To review the external and internal audit plans and audit reports, the scope and results of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- To review the quarterly and annual financial statements and any formal announcements relating to our Group's financial performance before submission to our Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and any other relevant statutory or regulatory requirements;
- To review the independence of the external auditors and internal auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and internal auditors;
- To review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST and potential conflicts of interest;
- To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- To review and discuss with investigators, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response thereto; and
- Generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST or by such amendments as may be made thereto from time to time.

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, 2017

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, 2016, 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 38 to 109.

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 Financial Reporting Standards in Singapore ("FRSs") 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, 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters

Assessment of contingent liabilities for joint and several corporate guarantees given for bank loans of an associate and a joint venture performed in conjunction with assessment of recoverability of debt owing by the joint venture to the Group (Refer to Notes 3.2.4 and 3.2.5 to the financial statements.)

As at December 31, 2016, the Company and a joint guarantor have given joint and several corporate guarantees to a bank for the following loans:

- (i) Bank loan to a 25.37% equity owned associate ("DSPDS"), with outstanding amount of \$20.2 million; and
- (ii) Bank loan to a 50% equity owned joint venture ("SZI"), with outstanding amount of \$18.8 million.

The joint guarantor has equity interests in both the associate and joint venture.

The Group has fully impaired its equity investment in DSPDS as well as receivables from DSPDS.

The Group has not impaired receivables of \$17.7 million from SZI as it is the expectation that SZI and its subsidiary, DBOP will be able to realise cash from sale of properties that SZI and DBOP have bought from DSPDC (a subsidiary of DSPDS).

Assessments on exposure to payment obligations to the bank under the joint and several corporate guarantees for loans of DSPDS and SZI; and the ability to recover the \$17.7 million owed by SZI are dependent on:

- (a) estimates of net cash flows from future sales of properties purchased by SZI and DBOP from DSPDC;
- (b) estimates of the funds required for DSPDC to complete construction of uncompleted units; 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, to enable DSPDC to complete the construction of property units and pay 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 developed by DSPDC which have yet to be sold to third parties (the "Development").

Our audit performed and responses thereon

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 considered the assumptions and values used in parameters which affect the fair value estimates.

In respect of management's estimates of cost to complete the properties under development, we considered the cost components, basis and calculations and the relationships of these calculations with other evidential matter.

We considered the adequacy of the disclosures in Notes 3.2.4 and 3.2.5 regarding the significant accounting estimates and the assumption.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

Key Audit Matters

Valuation of development properties (Refer to Note 11 to the financial statements.)

The Group's development properties totalling \$183.9 million comprise both completed and uncompleted properties. These properties are stated at the lower of cost and net realisable values.

Weak market conditions for properties in Singapore, result in uncertainty over the achievable net selling prices as well as the length of time to achieve the sales. 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.

Valuation of investment properties (Refer to Note 13 to the financial statements.)

The Group's investment properties comprise a dormitory, units in a commercial property, 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 meter 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.

Our audit performed and responses thereon

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 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.

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 considered the assumptions and values used in parameters which affect the fair value estimates.

We also considered the adequacy of the disclosures in the financial statements, about the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values, in conveying the inherent degree of subjectivity in valuations.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Wong-Yeo Siew Eng.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 31, 2017

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	91,538	78,886	13,779	666
Trade and other receivables	7	92,402	137,012	6,022	9,732
Deposits and prepayments	8	4,036	4,059	15	20
Inventories	9	7,593	5,763	-	-
Development properties	11	183,871	165,034	-	-
Total current assets		379,440	390,754	19,816	10,418
Non-current assets					
Property, plant and equipment	12	48,879	40,185	-	-
Investment properties	13	253,385	269,275	-	-
Goodwill	14	2,595	2,595	-	-
Subsidiaries	15	-	-	116,965	116,965
Associates and joint ventures	16	14,619	9,719	-	-
Other non-current assets	17	296	318	-	-
Trade and other receivables	7	25,139	67,261	85,652	95,903
Derivative financial instrument	18	91	783	-	-
Total non-current assets		345,004	390,136	202,617	212,868
Total assets		724,444	780,890	222,433	223,286

STATEMENTS OF **FINANCIAL POSITION**

As at December 31, 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	20	131,184	82,014	5,000	-
Trade and other payables	21	107,697	128,617	902	973
Current portion of finance leases	22	343	295	-	-
Term notes	23	-	74,588	-	74,588
Income tax payable		1,514	8,523	-	-
Total current liabilities		240,738	294,037	5,902	75,561
Non-current liabilities					
Borrowings	20	193,660	229,230	25,000	-
Trade and other payables	21	38,849	32,035	-	-
Finance leases	22	472	431	-	-
Term notes	23	39,778	-	39,778	-
Deferred tax liabilities	19	315	300	-	-
Total non-current liabilities		273,074	261,996	64,778	-
Capital, reserves and non-controlling interests					
Share capital	24	146,157	142,185	146,157	142,185
Capital reserve	25	644	644	-	-
Translation and other reserves		2,179	1,195	-	-
Retained earnings		61,041	72,295	5,596	5,540
Equity attributable to owners of the Company		210,021	216,319	151,753	147,725
Non-controlling interests		611	8,538	-	-
Total equity		210,632	224,857	151,753	147,725
Total liabilities and equity		724,444	780,890	222,433	223,286

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2016

	Note	Group	
		2016 \$'000	2015 \$'000
Revenue	26	194,103	276,696
Cost of sales		(158,108)	(236,289)
Gross profit		35,995	40,407
Other income	27	5,977	25,031
Selling and distribution costs		(1,104)	(849)
General and administrative expenses		(18,469)	(16,271)
Other operating expenses	28	(28,151)	(60,106)
Share of profit (loss) of associates and joint ventures		3,583	(417)
Finance costs	29	(11,599)	(3,796)
Loss before income tax		(13,768)	(16,001)
Income tax expense	30	(785)	(7,964)
Loss for the year	31	(14,553)	(23,965)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		930	995
Share of other comprehensive income (loss) of associates and joint ventures		52	(318)
Available-for-sale investments		-	41
		982	718
Total comprehensive loss for the year		(13,571)	(23,247)
Loss attributable to:			
Owners of the Company		(6,668)	(23,853)
Non-controlling interests		(7,885)	(112)
		(14,553)	(23,965)
Total comprehensive (loss) income attributable to:			
Owners of the Company		(5,684)	(23,419)
Non-controlling interests		(7,887)	172
		(13,571)	(23,247)
Loss per share (cents):			
Basic and diluted	32	(1.4)	(5.1)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2016

	Note	Share capital \$'000	Capital reserve \$'000	Translation and other reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group								
Balance at January 1, 2015		142,185	644	761	100,798	244,388	9,557	253,945
<i>Total comprehensive (loss) income for the year</i>								
Loss for the year		-	-	-	(23,853)	(23,853)	(112)	(23,965)
Other comprehensive income for the year		-	-	434	-	434	284	718
Total		-	-	434	(23,853)	(23,419)	172	(23,247)
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	455	455
Effect of acquiring non-controlling interest in a subsidiary		-	-	-	-	-	4	4
Dividends paid	34	-	-	-	(4,650)	(4,650)	-	(4,650)
Dividends paid to non-controlling shareholders		-	-	-	-	-	(1,650)	(1,650)
Total		-	-	-	(4,650)	(4,650)	(1,191)	(5,841)
Balance at December 31, 2015		142,185	644	1,195	72,295	216,319	8,538	224,857

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2016

	Note	Share capital \$'000	Capital reserve \$'000	Translation and other reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group								
Balance at January 1, 2016		142,185	644	1,195	72,295	216,319	8,538	224,857
<i>Total comprehensive (loss) income for the year</i>								
Loss for the year		-	-	-	(6,668)	(6,668)	(7,885)	(14,553)
Other comprehensive income for the year		-	-	984	-	984	(2)	982
Total		-	-	984	(6,668)	(5,684)	(7,887)	(13,571)
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	264	264
Effect of deemed disposal to non- controlling interest in a subsidiary		-	-	-	64	64	(64)	-
Issue of shares pursuant to Scrip Dividend Scheme	24	3,972	-	-	-	3,972	-	3,972
Dividends paid	34							
- in cash		-	-	-	(678)	(678)	-	(678)
- in scrip		-	-	-	(3,972)	(3,972)	-	(3,972)
Dividends paid to non-controlling shareholders		-	-	-	-	-	(240)	(240)
Total		3,972	-	-	(4,586)	(614)	(40)	(654)
Balance at December 31, 2016		146,157	644	2,179	61,041	210,021	611	210,632

STATEMENTS OF **CHANGES IN EQUITY**

Year ended December 31, 2016

	Note	Share capital \$'000	Retained earnings \$'000	Total \$'000
Company				
Balance at January 1, 2015		142,185	5,461	147,646
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		-	4,729	4,729
<i>Transactions with owners, recognised directly in equity</i>				
Dividends paid	34	-	(4,650)	(4,650)
Total		-	(4,650)	(4,650)
Balance at December 31, 2015		142,185	5,540	147,725
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		-	4,706	4,706
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares pursuant to Scrip Dividend Scheme	24	3,972	-	3,972
Dividends paid	34	-	(678)	(678)
- in cash		-	(3,972)	(3,972)
- in scrip		-	(4,650)	(4,650)
Total		-	(4,650)	(4,650)
Balance at December 31, 2016		146,157	5,596	151,753

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2016

	Group	
	2016	2015
	\$'000	\$'000
Operating activities		
Loss before income tax	(13,768)	(16,001)
Adjustments for:		
Depreciation expense	4,238	4,903
Share of (profit) loss of associates and joint ventures	(3,583)	417
(Reversal of) Impairment loss on development properties	(1,012)	24,691
Write back of liquidated damages for development properties	-	(235)
Impairment loss on investment in an associate	-	4,811
Impairment loss on other non-current assets	22	82
Fair value change in financial derivative instrument	692	147
Loss (Gain) in fair value of investment properties	16,255	(19,189)
Gain on disposal of property, plant and equipment	(36)	(265)
Loss on sale of available-for-sale investments	-	152
Property, plant and equipment written off	2	297
Interest expense	10,661	3,675
Deemed interest expense on retention amounts	938	121
Interest income	(1,405)	(1,613)
Deemed interest income on retention amounts	(953)	(902)
Allowance for doubtful receivables, net	2,209	22,424
Operating cash flows before movements in working capital	14,260	23,515
Trade and other receivables	43,675	(24,138)
Deposits and prepayments	23	(802)
Inventories	(1,830)	(712)
Development properties	(13,600)	49,861
Trade and other payables	(12,843)	(3,092)
Cash generated from operations	29,685	44,632
Income tax paid	(7,779)	(5,535)
Interest paid	(15,703)	(13,590)
Net cash from operating activities	6,203	25,507

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended December 31, 2016

	Group	
	2016	2015
	\$'000	\$'000
Investing activities		
Interest received	1,405	1,613
Purchase of property, plant and equipment [Note 12 (b)]	(11,216)	(10,332)
Proceeds from disposal of property, plant and equipment	73	289
Proceeds from sale of available-for-sale investments	-	9,326
Addition to investment properties	(1,017)	(51,398)
Repayment from (Advances to) associates and joint ventures	40,842	(27,228)
Additional investment in associates and joint ventures	(1,265)	(8,824)
Premium paid for derivative financial instrument	(310)	(310)
Net cash from (used in) investing activities	28,512	(86,864)
Financing activities		
Proceeds from borrowings	45,659	84,374
Proceeds from term notes	39,778	-
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	264	455
Repayment of term notes	(75,000)	-
Repayment of borrowings	(31,647)	(55,025)
Repayment of obligations under finance leases	(337)	(387)
Pledged fixed deposits	(1,338)	(1,998)
Dividends paid to non-controlling shareholders	(240)	(1,714)
Dividends paid	(678)	(4,650)
Net cash (used in) from financing activities	(23,539)	21,055
Increase (Decrease) in cash and cash equivalents	11,176	(40,302)
Cash and cash equivalents at beginning of the year	75,796	115,711
Effect of exchange rate changes	138	387
Cash and cash equivalents at end of the year	87,110	75,796
Cash and cash equivalents at end of the year comprise the following:		
Cash and bank balances (Note 6)	72,997	58,516
Fixed deposits (Note 6)	18,541	20,370
	91,538	78,886
Less: Pledged fixed deposits (Note 6)	(4,428)	(3,090)
Cash and cash equivalents at end of the year	87,110	75,796

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016 were authorised for issue by the Board of Directors on March 31, 2017.

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 Financial Reporting Standards in Singapore (“FRSs”).

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material impact on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*¹
- FRS 116 *Leases*²

Consequential amendments were also made to various standards as a result of these new/revised standards.

1 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

2 Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Management has not opted to early adopt any of the above new FRSs.

FRS 109 *Financial Instruments*

FRS 109 will replace FRS 39 *Financial Instruments: Recognition and Measurement*. It introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. New measurement provisions apply to debt investments and equity investments which are within the scope of FRS 109. New measurement provisions also apply to measurement of financial liabilities designated as at fair value to profit or loss (“FVTPL”). The Group does not have debt and equity investments under the scope of FRS 109 or financial liabilities designated as FVTPL.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced. The Group currently does not use hedge accounting and this change is not expected to have a significant effect on the Group. However, the Group will reassess based on the profile of any derivative contracts upon adoption of FRS 109.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. With the adoption of the expected credit loss model, the timing of making allowance for doubtful receivables will change. Management will review the credit loss history taking into account any change in the profile of accounts before adoption of FRS 109.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Based on the existing sources of revenue as at December 31, 2016, management has made a preliminary assessment that the application of FRS 115 may not have a material impact on the Group’s financial statements. Further evaluation will be undertaken should there be further updates on the application of FRS 115 or should the sources of revenue change in the year when FRS 115 becomes effective.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

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

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Upon adoption of FRS 116, all non-cancellable lease obligations other than those which fall within the above exceptions, will be recognised as liabilities concurrently with the recognition of right of use of assets. Note 36 provides information on the non-cancellable lease obligations existing at December 31, 2016.

IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any significant change to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as described above.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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 FRSs). 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 FRS 39 or the cost on initial recognition of an investment in an associate or a joint venture, whichever is applicable.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Company's financial statements, investments in subsidiaries 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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

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

Financial assets

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

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

Loans and receivables

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

Impairment of financial assets

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Derecognition of financial assets

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

Financial liabilities

Classification as debt or equity

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

Equity instruments

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and 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 initially measured at fair value net of transactions costs, and 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group has entered into interest rate cap contract (a derivative financial instrument).

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.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, based on survey of work completed at the end of each reporting period performed by independent surveyors. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The Group as lessor

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

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2016

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.

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 of 20 and 99 years
Plant and equipment	–	3 to 7 years
Motor vehicles	–	5 years

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Development properties in respect of which revenue from sales of incomplete units are recognised on a continuous transfer basis

Development properties are stated at cost plus recognised profits less foreseeable losses and progress billings. Progress billings yet to be paid by customers are included within “trade and other receivables”. Attributable profits are recognised only in respect of properties with finalised sales agreements. The attributable profit recognised is the excess of contracted sales value over the estimated total cost on completion allocated to the units sold, extended by the percentage completion at the end of the reporting period. Percentage completion is estimated by reference to certification of value of work performed to date by independent surveyors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the carrying amount of the development property is correspondingly reduced.

Cost includes all costs directly related to the development and attributable to development activities such as borrowings costs.

Development properties in respect of which revenue from sales are recognised upon or after delivery

Such development properties are stated at cost less any foreseeable losses (as above) but do not include any recognised profits.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*.

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The requirements of FRS 39 *Financial Instruments: Recognition and Measurement* 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 FRS 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 FRS 39. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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 – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of time incurred relative to the total estimated time for the installation work.
- Revenue from time and material contracts is recognised at the contractual rates as and when labour hours are delivered and direct expenses are incurred.

Revenue from construction contracts

Revenue and profits from construction contracts are recognised in accordance with the accounting policy on construction contracts as described in a precedent paragraph.

Sale of development properties

Revenue for sales of development properties is recognised when risks and rewards of ownership of the real estate are transferred to the buyer, which may be:

- (a) on a continuous transfer basis; or
- (b) at a single point of time (e.g. upon or after delivery).

Under (a) which is applicable to development properties in Singapore, revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as development progresses. This policy applies to residential developments sold under standard sale and purchase agreements and commercial properties sold under substantially similar terms and conditions.

For such sales, revenue is recognised based on the percentage of completion of the development activity at the end of the reporting period as estimated from surveys of work done performed by independent surveyors.

Under (b) which is generally applicable to development properties outside of Singapore, revenue is recognised when the transfer of risk and rewards of ownership coincides with the time when the completed development units are delivered to the purchasers. Any progress billings received for such property sales are included in "Trade and other payables" as "Advance payment received". Such properties are carried at cost in the statement of financial position.

Profits from sale of development properties are recognised in accordance with the accounting policy on development properties as described in a precedent paragraph.

Interest income

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

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

Rental income

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

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 are added to the cost of the projects.

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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, 2016

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, except for judgements involving estimations as described in Note 3.2.

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 and costs using the percentage of completion method. The stage of completion is measured by reference to certification of value of work performed to date.

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 development properties for foreseeable losses 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 residential 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. Incremental cost relating to completed properties are charged to the statement of profit or loss (included in cost of sales). Incremental cost relating to properties under development are included in cost of the development property before assessing the recoverable amount and estimating any impairment loss (included in cost of sales).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

3.2 Key sources of estimation uncertainty (Continued)

3.2.1 Construction contracts and development properties (Continued)

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 the impairment loss deducted from the carrying amounts of construction contracts (Note 10) and development properties (Note 11). Management's estimates take into account known significant events and information available when the financial statements are prepared. They are subject to periodic reassessment. Current estimates may be subject to material change in future depending on market conditions and the results of actions to be taken in future.

3.2.2 Fair value of investment properties

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

In respect of valuation of the dormitory on a completed basis, the valuer had used both (i) the investment method by capitalising the estimated annual income net of all expenses at a rate of 7.25%; and (ii) direct comparison method (2015: investment method at a rate of 7.25% and present value of future cash flows for an assumed 10 years of operation followed by sale at a price based on forecast income at that time and a terminal capitalisation rate of 8.5%). The assigned fair value falls within the range of the values determined from the two methods.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

3.2 Key sources of estimation uncertainty (Continued)

3.2.3 Recoverable amount of trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. In making this assessment, management takes into consideration the age of debts, results of collection efforts and any significant change in credit quality of the receivables. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss recognised in the profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Reversal of estimated losses, if any, is recognised in profit or loss. The carrying amount of the trade and other receivables is disclosed in Note 7 to 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 and to develop the properties at the cost estimated by management. The values have been estimated by management with the assistance of an independent valuer. The properties named "Singapore Garden" is a multi-phased mixed development in Dalian, PRC.

In 2016, management considered the market value of development properties assuming full completion of partially completed units and value of undeveloped land. Investment in DSPDS remained fully impaired at December 31, 2016 based on management's assessment.

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of \$22,467,000 (2015: \$19,287,000) for impairment of receivables from DSPDS which represents all receivables from DSPDS as at December 31, 2016.

(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, 2016, non-current receivables of the Group include \$17,700,000 (2015: \$14,548,000) owing by SZI.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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)

In 2015, SZI and its wholly-owned subsidiary Dalian Blue Oasis Properties Co., Ltd. (“DBOP”) entered into agreements to purchase completed and partially completed property units and rights of usage of basement and carparks in DSPDS’s multi-phase mixed development in PRC (Singapore Garden, the “Development”) for amounts totalling RMB201.14 million (equivalent to \$42.2 million). Rights of usage of basement and carparks and titles to property units bought by DBOP were not yet transferred as some of these property units were still under development at December 31, 2016.

After considering the financial position of SZI group and the valuation of the properties in Singapore Garden at December 31, 2016 by an independent valuer, management expects the amount of \$17,700,000 (2015: \$14,548,000) to be recoverable from SZI. In making this assessment, significant assumptions include the ability of DSPDC to complete the development of the property units sold to SZI group and the ability of SZI group to realise the estimated values of the properties.

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

- (i) The Company together with another shareholder (the “Joint Guarantor”) of the associate, DSPDS, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS to lend to its subsidiary, DSPDC for development of Singapore Garden. At December 31, 2016, the outstanding bank loan of DSPDS was \$20.2 million (2015: \$23.0 million).
- (ii) In 2015, the Company, together with the Joint Guarantor, provided joint and several corporate guarantees to a bank for a development loan facility utilised by DSPDC. At December 31, 2015, the outstanding bank loan of DSPDC was RMB160.3 million (approximately \$34.9 million). In February 2016, DSPDC repaid this bank loan using funds remitted by SZI group to DSPDC in connection with the purchase of units of properties by SZI group from DSPDC (Note 3.2.4 (b)).
- (iii) 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, 2016, the outstanding bank loan of SZI was \$18.8 million (2015: \$23.0 million).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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)

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 \$39.0 million at December 31, 2016 (2015: \$80.9 million).

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, management engaged an independent professional valuer to estimate the gross development value ("GDV") of the properties of DSPDC as at December 31, 2016 which is the projected value upon full completion of development of units which are currently partially developed. The valuation also includes the market value in existing state at December 31, 2016 which is the GDV less all estimated cost to complete, marketing cost, sales tax and developers' profit and the value of the remaining land in respect of which there are no development plans.

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 (iii) above.

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on the bank loans and cash required to continue development of partially completed units of DSPDC in the purchase contract referred to in Note 3.2.4 (b). However, such payments are expected to be recovered subsequently from the eventual sale of properties in Singapore Garden.

Based on the above assessment, management has made the judgement that (a) as of December 31, 2016, no provision for loss need to be made in connection with the bank guarantees (2015: \$Nil); and (b) with the full impairment of the Group's investment in and advances given to DSPDS at December 31, 2015 and 2016, the Group discontinues recognition of any share of losses of DSPDS group consistent with the preceding financial year ended December 31, 2015.

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC and is highly dependent on estimates of cost to complete the partially completed units, 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 to continue development of the partially completed units of DSPDC and instalment payments due on the bank loans.

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

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2016

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

3.2 Key sources of estimation uncertainty (Continued)

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.

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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Derivative financial instrument	91	783	-	-
Loans and receivables at amortised cost (including cash and cash equivalents)	210,810	284,990	105,455	106,303
Financial liabilities				
Amortised cost	486,114	506,754	70,680	75,561

The Company does 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(ii) Interest rate risk management

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

The Group may from time to time enter into derivative financial instruments to manage its exposures to interest rate risk. In 2015, the Group entered into a financial derivative contract to cap interest rates on borrowings (Note 18).

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, 2016 would have increased/decreased by \$373,000 (2015: increased/decreased by \$1,293,000); and the Group's loss for the financial year ended December 31, 2016 would have increased/decreased by \$1,353,000 (2015: increased/decreased by \$127,000).

(iii) Credit risk management

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

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, 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 of the value of any collateral which can reduce the exposure.

The amounts presented in the statements of financial position are net of allowances for doubtful receivables. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(iii) Credit risk management (Continued)

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

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

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

At December 31, 2016, the maximum aggregate amount the Group can be liable under all the guarantees in Notes 35 (a) and (b) are approximately \$51.4 million (2015: \$85.0 million).

The maximum amount the Company could be liable to settle under the corporate guarantees given to banks in connection with facilities utilised by the subsidiaries is stated in Note 20.

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

(iv) Liquidity risk management

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

Liquidity risk analysis

Non-derivative financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(iv) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Financial liabilities						
Group						
2016						
Non-interest bearing	-	83,271	-	-	-	83,271
Finance leases (fixed rate)	3.9	387	509	-	(81)	815
Fixed interest rate instruments	5.5	-	42,502	-	(2,724)	39,778
Variable interest rate instruments	2.8	173,298	108,132	90,950	(10,130)	362,250
		256,956	151,143	90,950	(12,935)	486,114
2015						
Non-interest bearing	-	96,788	-	-	-	96,788
Finance leases (fixed rate)	3.5	323	475	-	(72)	726
Fixed interest rate instruments	5.3	77,792	-	-	(3,204)	74,588
Variable interest rate instruments	3.0	108,445	156,090	80,246	(10,129)	334,652
		283,348	156,565	80,246	(13,405)	506,754

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(iv) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Company</u>						
<u>2016</u>						
Non-interest bearing	-	902	-	-	-	902
Fixed interest rate instruments	5.5	-	42,502	-	(2,724)	39,778
Variable interest rate instruments	3.4	5,170	27,040	-	(2,210)	30,000
		6,072	69,542	-	(4,934)	70,680
 <u>2015</u>						
Non-interest bearing	-	973	-	-	-	973
Fixed interest rate instruments	5.3	77,792	-	-	(3,204)	74,588
		78,765	-	-	(3,204)	75,561

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(iv) Liquidity risk management (Continued)

Non-derivative financial assets

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

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Financial assets						
Group						
2016						
Non-interest bearing	-	175,274	-	-	-	175,274
Variable interest rate	2.5	17,420	-	-	(425)	16,995
Fixed interest rate instruments	0.7	18,560	-	-	(19)	18,541
		211,254	-	-	(444)	210,810
2015						
Non-interest bearing	-	213,838	-	-	-	213,838
Variable interest rate	2.1	52,052	-	-	(1,270)	50,782
Fixed interest rate instruments	0.8	20,382	-	-	(12)	20,370
		286,272	-	-	(1,282)	284,990
Company						
2016						
Non-interest bearing	-	31,890	-	-	-	31,890
Variable interest rate	4.8	77,124	-	-	(3,559)	73,565
		109,014	-	-	(3,559)	105,455
2015						
Non-interest bearing	-	14,350	-	-	-	14,350
Variable interest rate	5.3	97,162	-	-	(5,209)	91,953
		111,512	-	-	(5,209)	106,303

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

(v) Fair value of financial assets and financial liabilities

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

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

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

(c) Capital management policies and objectives

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

Management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital; and the tenures and risks associated with each class of capital. Management also reviews compliance with financial covenants associated with borrowings. The Group balances its overall capital structure through issuance of new debt or the redemption of existing debt, issuance of new shares or payment of dividends. The Group's overall strategy for capital management remains unchanged from the prior year.

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

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

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

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

	Group	
	2016 \$'000	2015 \$'000
<u>Income from associates</u>		
Construction revenue	4,171	50,930
Interest income	473	800
Accounting and administrative services	72	218

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

	Group	
	2016 \$'000	2015 \$'000
<u>Income from joint ventures</u>		
Interest income	577	246
<u>Income from/(Expenses charged by) companies in which certain directors have control</u>		
Sales and service of air-conditioners	11	32
Maintenance income	40	40
Management fee income	489	493
Rental income	109	106
Medical fee expense	(116)	(117)
Miscellaneous expenses	(44)	(88)
Dormitory rental expense	(326)	(282)
Interest expense	(75)	(92)
Miscellaneous income	38	18
<u>Director</u>		
Construction revenue	609	2,820
Subscription of medium term notes	3,500	-
Interest expense	(157)	(13)
<u>Key management personnel</u>		
Subscription of medium term notes	500	-
Interest expense	(31)	(13)

Compensation of directors and key management personnel

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

	Group	
	2016 \$'000	2015 \$'000
Short-term benefits	3,063	3,139

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

6 CASH AND BANK BALANCES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and in hand	72,997	58,516	13,779	666
Fixed deposits	18,541	20,370	-	-
	91,538	78,886	13,779	666
Less: Pledged fixed deposits	(4,428)	(3,090)	-	-
	87,110	75,796	13,779	666

Fixed deposits earn interest ranging from 0.15% to 1.50% (2015: 0.20% to 1.20%) per annum. Tenure for pledged fixed deposits range from 6 to 36 months (2015: 6 to 30 months). Tenure for the other fixed deposits range from 1 to 3 months (2015: 1 to 3 months). The pledged fixed deposits are used as security for trade facilities granted by banks to subsidiaries.

Included in the cash and bank balances of the Group is an amount of \$5,809,000 (2015: \$2,746,000) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the respective development properties.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables from:				
Sale of goods and services	6,032	4,434	-	-
Property development customers	14,222	51,923	-	-
Construction contract customers:				
- Billed/Certified	32,819	26,229	-	-
- Unbilled (Note 10)	2,348	9,203	-	-
Retention monies on contract work:				
- Associates (Note 5)	3,079	6,784	-	-
- Third parties	23,701	26,740	-	-
Associates (Note 5)	939	5,093	-	-
Joint ventures (Note 5)	1,244	4,219	-	-
Companies in which certain directors have control (Note 5)	23	3	-	-
Less: Allowance for doubtful receivables				
- Associates (Note 5)	(57)	(57)	-	-
- Third parties	(2,977)	(1,114)	-	-
	81,373	133,457	-	-

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Other receivables due from:				
Third parties	1,600	1,356	22	24
Associates (Note 5)	32,790	76,763	-	-
Joint ventures (Note 5)	24,013	14,769	-	-
Less: Allowance for doubtful receivables				
– Associates (Note 5)	(22,486)	(22,187)	-	-
Companies in which certain directors have control (Note 5)	147	97	-	-
Subsidiaries	-	-	91,652	105,611
	36,064	70,798	91,674	105,635
Staff loans	104	18	-	-
Total trade and other receivables	117,541	204,273	91,674	105,635
Current	92,402	137,012	6,022	9,732
Non-current	25,139	67,261	85,652	95,903
	117,541	204,273	91,674	105,635

Credit periods generally range from 30 to 90 days (2015: 30 to 60 days). No interest is charged on overdue trade receivables. Interest is charged at 2.5% to 6.8% (2015: 2.5% to 5.3%) per annum by the Group and Company on other receivables due from associates and subsidiaries. For the purpose of determining present values of retention monies, the discount rate is 5% (2015: 5%) per annum. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

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

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not past due and not impaired ⁽ⁱ⁾	111,956	200,837	91,674	105,635
Past due but not impaired ⁽ⁱⁱ⁾	5,585	3,436	-	-
Impaired receivables				
– individually assessed and past due more than 12 months	25,520	23,358	-	-
Less: Allowance for doubtful receivables	(25,520)	(23,358)	-	-
Total trade and other receivables, net	117,541	204,273	91,674	105,635

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
< 3 months	3,810	1,333	-	-
3 months to 6 months	573	223	-	-
6 months to 12 months	334	1,342	-	-
> 12 months	868	538	-	-
	5,585	3,436	-	-

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at beginning of the year	23,358	951	-	-
Amounts recovered during the year	(2,866)	(6)	-	-
Bad debts written off	(47)	(17)	-	-
Increase in allowance recognised in profit or loss during the year	5,075	22,430	-	-
Balance at end of the year	25,520	23,358	-	-

8 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits placed with third parties	1,731	1,831	2	2
Prepayments	2,305	2,228	13	18
	4,036	4,059	15	20

9 INVENTORIES

	Group	
	2016 \$'000	2015 \$'000
Goods held for sale	7,593	5,763

The cost of inventories recognised as an expense for the financial year amounted to \$20,049,000 (2015: \$14,959,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

10 CONSTRUCTION CONTRACTS

	Group	
	2016	2015
	\$'000	\$'000
Contract work-in-progress at end of the reporting period:		
Costs incurred plus recognised profits less foreseeable losses	638,341	979,247
Less: Progress billings	(646,252)	(1,007,989)
	<u>(7,911)</u>	<u>(28,742)</u>
Represented by:		
Amounts due from contract customers included in trade and other receivables (Note 7)	<u>2,348</u>	9,203
Amounts due to contract customers included in trade and other payables (Note 21)	<u>10,259</u>	37,945

11 DEVELOPMENT PROPERTIES

	Group	
	2016	2015
	\$'000	\$'000
Completed development properties	<u>20,909</u>	5,532
Properties under development:		
Costs incurred plus recognised profits less foreseeable losses	174,921	163,301
Less: Progress billings	(11,959)	(3,799)
	<u>162,962</u>	159,502
	<u>183,871</u>	165,034

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

11 DEVELOPMENT PROPERTIES (CONTINUED)

Development properties in Singapore with revenue recognised based on percentage of completion method

	Group	
	2016	2015
	\$'000	\$'000
Revenue from sold development properties recognised during the year	24,056	64,498
Costs incurred plus recognised profits less foreseeable losses as at December 31	119,966	113,594

Development properties outside Singapore with revenue recognised based on completion of contract method

	Group	
	2016	2015
	\$'000	\$'000
Advances received (included in Advance payment received in Note 21)	15,222	2,265

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

The carrying amount of development properties which are mortgaged to banks as security for credit facilities obtained by the Group (Note 20) amounted to \$119,993,000 (2015: \$123,106,000).

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

	Group	
	2016	2015
	\$'000	\$'000
Property tax capitalised	503	631
Interest expense capitalised (Note 29)	4,225	3,896
(Reversal of) Impairment loss on development properties	(1,012)	24,691

The weighted average rate of capitalisation of the interest expenses for the financial year ended December 31, 2016 is 3.3% (2015: 3.1%) per annum.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

11 DEVELOPMENT PROPERTIES (CONTINUED)

Particulars of the development properties as at December 31, 2016 are as follows:

Description	Location	Approximate saleable area (Sq. Metres)	Completed/ Estimated date of completion	Tenure	Site area (Sq. Metres)
<u>Properties in Singapore</u>					
The Cristallo (Residential)	70 & 72 – 76B Lorong K Telok Kurau Road	270*	Completed	Freehold	3,227
Terra Villas (Residential)	19, 21, 23 & 25 Jalan Sayang	1,583*	Completed	Freehold	1,278
Ascent @ 456 (Commercial and residential)	456 Balestier Road	2,805	January 2017	Freehold	1,084
12 on Shan (Residential)	12 Shan Road	5,310	September 2019	Freehold	2,058
<u>Properties in Thailand</u>					
De Iyara Grande (Commercial and residential)	Klong Luang District Pathum Thani, Thailand	2,322*	Completed	Freehold	16,000
Apartment	Klong Luang District Pathum Thani, Thailand	3,399	December 2017	Freehold	1,586
Commercial and residential	Klong Luang District Pathum Thani, Thailand	#	#	Freehold	89,580
<u>Property in Cambodia</u>					
The Gateway (Commercial and residential)	Russian Boulevard, Phnom Penh, Cambodia	70,600	December 2019	Freehold	20,515

* Area of completed units yet to be sold/delivered.

Development plans have not been finalised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold properties \$'000	Leasehold properties \$'000	Properties under construction \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Group						
Cost:						
At January 1, 2015	825	21,148	14,125	23,615	5,560	65,273
Additions	390	7	6,599	2,497	839	10,332
Transfer from property under construction	9,230	-	(9,230)	-	-	-
Exchange differences	(261)	(27)	-	(119)	(67)	(474)
Written off	(509)	-	-	(31)	-	(540)
Disposals	-	-	-	(804)	(88)	(892)
At December 31, 2015	9,675	21,128	11,494	25,158	6,244	73,699
Additions	3	1	5,745	4,895	998	11,642
Transfer from investment property (Note 13)	-	1,470	-	-	-	1,470
Exchange differences	(98)	(4)	-	(34)	(5)	(141)
Written off	-	-	-	(5)	-	(5)
Disposals	-	-	-	(61)	(388)	(449)
At December 31, 2016	9,580	22,595	17,239	29,953	6,849	86,216
Accumulated depreciation:						
At January 1, 2015	235	8,479	-	18,136	2,767	29,617
Depreciation	76	735	-	3,218	874	4,903
Exchange differences	4	(3)	-	(48)	(28)	(75)
Written off	(233)	-	-	(10)	-	(243)
Disposals	-	-	-	(624)	(64)	(688)
At December 31, 2015	82	9,211	-	20,672	3,549	33,514
Depreciation	662	251	-	2,391	934	4,238
Exchange differences	1	(2)	-	6	(5)	-
Written off	-	-	-	(3)	-	(3)
Disposals	-	-	-	(39)	(373)	(412)
At December 31, 2016	745	9,460	-	23,027	4,105	37,337
Carrying amount:						
At December 31, 2016	8,835	13,135	17,239	6,926	2,744	48,879
At December 31, 2015	9,593	11,917	11,494	4,486	2,695	40,185

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The carrying amount of the Group's property, plant and equipment includes \$1,356,000 (2015: \$1,331,000) of assets held under finance leases (Note 22).
- (b) During the year, the Group acquired property, plant and equipment with aggregate cost of \$11,642,000 (2015: \$10,332,000) of which \$426,000 (2015: \$Nil) were acquired through finance leases. Cash payments of \$11,216,000 (2015: \$10,332,000) were made to purchase property, plant and equipment.
- (c) All leasehold properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 20).
- (d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh #03-01, #03-02, #03-03, #03-04, #03-05 #03-07/08/09/10, #03-13 and #03-16 New World Centre Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	1,225
53 Sungei Kadut Loop Singapore 729502	Warehouse/ dormitory	Leasehold (30 years from March 16, 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/ dormitory	Leasehold (30 years from December 16, 1990)	6,168
Tuas South Street 11 Singapore	Warehouse under construction	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	17,685
Lot 3712, Batu 28 Jalan Johor Mukim Rimba Terjun Pontian, 82001 Johor	Factory for manufacturing of pre-cast concrete components	Freehold	3,748

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December 31, 2016

13 INVESTMENT PROPERTIES

	Group	
	2016	2015
	\$'000	\$'000
<u>At fair value</u>		
Balance at beginning of the year	269,275	192,669
Addition during the year	1,835	57,417
Transfer to property, plant and equipment (Note 12)	(1,470)	-
Changes in fair value included in profit or loss	(16,255)	19,189
Balance at end of the year	253,385	269,275

Details of the investment properties are as follows:

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

13 INVESTMENT PROPERTIES (CONTINUED)

The fair values of the Group's investment properties have been determined on the basis of valuations carried out at or close to the respective year end dates by independent qualified valuers experienced in the location and category of the properties being valued. The valuations were arrived at (i) by reference to market evidence of transacted prices per square metre in the open market for comparable properties, adjusted for differences such as location, age and size; and (ii) income capitalisation method. With regard to the dormitory which was under construction in prior year, independent valuers had also used the discounted cash flow method, and deducted the cost of outstanding work to be incurred to determine the market value on an "As-Is-Where-Is" basis as at December 31, 2015.

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, 2016 and 2015 are classified as Level 3 in the fair value hierarchy, as defined in Note 2 to the financial statements.

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

Valuation technique	Significant unobservable input(s)	Commercial	Residential	Industrial	Dormitory
Direct comparison method	Comparable price (Price per square meter) ⁽¹⁾	\$9,700 to \$19,000 (2015: \$9,700 to \$19,000)	\$10,000 to \$18,700 (2015: \$10,000 to 19,000)	\$362 (2015: \$404)	Average of \$3,700 (2015: \$4,000)
Income capitalisation method	Capitalisation rate ⁽²⁾	-	-	-	7.25% (2015: 7.25%)

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

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

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

Rental income from the Group's investment properties amounted to \$8,084,000 (2015: \$1,493,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to \$2,575,000 (2015: \$813,000).

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14 GOODWILL

	Group	
	2016 \$'000	2015 \$'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	
	2016 \$'000	2015 \$'000
<u>Cash-generating units</u>		
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.

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

Management expects profits in future for Sino Tac Resources Pte Ltd and this is reflected in the budget for 2017.

Goodwill of other CGUs are immaterial.

15 SUBSIDIARIES

	Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares at cost	116,965	116,965

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15 SUBSIDIARIES (CONTINUED)

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

Name of significant subsidiaries	Principal activities/ Country of incorporation and operations	Group's proportion of ownership interest and voting power held	
		2016 %	2015 %
Aston Air Control Pte Ltd	Installation and contractor of air conditioning servicing of air conditioning systems/ Singapore	90	90
Sino Holdings (S'pore) Pte Ltd	Investment holding/Singapore	100	100
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
<u>Held by Sino Holdings (S'pore) Pte Ltd</u>			
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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

15 SUBSIDIARIES (CONTINUED)

Name of significant subsidiaries	Principal activities/Country of incorporation and operations	Group's proportion of ownership interest and voting power held	
		2016 %	2015 %
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
<u>Held by Invest (CR) Pte. Ltd.</u>			
TACC (C.R) Ltd. ⁽³⁾	Real estate development/Cambodia	72.25	85 ⁽⁴⁾
<u>Held by SinoTac Builder's (S) Pte Ltd</u>			
Quest Homes Pte. Ltd.	Real estate development/Singapore	100	100
<u>Held by Tiong Aik Construction Pte Ltd</u>			
Tiong Aik Resources (S) Pte Ltd	Investment holding, general wholesale trade (including general importers and exporters)/Singapore	57	57
<u>Held by Que Holdings Pte. Ltd.</u>			
TA Resources Myanmar Company Limited ⁽⁵⁾	Trading in lubricants/Myanmar	51	51

(1) Audited by Baker Tilly Audit and Advisory Services (Thailand) Ltd.

(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) For the preceding financial year ended December 31, 2015, TACC (C.R) Ltd. was held directly by Sino Holdings (S'pore) Pte Ltd. Shareholdings held in this subsidiary was transferred to Invest (CR) Pte. Ltd., a 85% held subsidiary, during the year.

(5) No statutory audit requirement. The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purpose.

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

NOTES TO FINANCIAL STATEMENTS

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16 ASSOCIATES AND JOINT VENTURES

	Group	
	2016 \$'000	2015 \$'000
<u>Associates</u>		
Cost of investment in associates	10,074	10,074
Impairment loss in an associate	(4,811)	(4,811)
Share of post-acquisition losses, net of dividend received	(2,112)	(5,548)
	3,151	(285)
<u>Joint ventures</u>		
Cost of investment in joint ventures	10,089	8,824
Share of post-acquisition losses	(837)	(1,036)
	9,252	7,788
Interest in an unincorporated joint venture	2,216	2,216
Total of associates and joint ventures	14,619	9,719

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

Name of significant associates and joint ventures	Principal activities/ Country of incorporation and operations	Effective equity interest		Proportion of ownership and voting power held	
		2016	2015	2016	2015
		%	%	%	%
<u>Associates</u>					
<u>Held by Sino Holdings (S'pore) Pte Ltd (Note 15)</u>					
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
<u>Held by Dalian Shicheng Property Development (S) Pte. Ltd.</u>					
Dalian Shicheng Property Development Co., Ltd. ⁽²⁾	Development of properties/ People's Republic of China	25.37	25.37	25.37	25.37
<u>Held by Meadows Bright Development Pte Ltd</u>					
Bukit Timah Green Development Pte. Ltd. ^{(3) (4)}	Real estate development/ Singapore	25	25	Refer to footnote (3)	

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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	
		2016 %	2015 %	2016 %	2015 %
<u>Joint ventures</u>					
<u>Held by Sino Holdings (S'pore) Pte Ltd (Note 15)</u>					
Soon Zhou Investments Pte. Ltd. ⁽⁵⁾	Investment holding/ Singapore	50	50	50	50
Eternal Synergy Pte. Ltd. ⁽¹⁾	Trading/Singapore	50	50	50	50
Synergy Truck Pte. Ltd. ⁽¹⁾	Trading/Singapore	50	50	50	50
<u>Held by Soon Zhou Investments Pte. Ltd.</u>					
Blue Oasis Investments Pte. Ltd. ⁽¹⁾	Investment holding/ Singapore	50	50	50	50
Dalian Blue Oasis Properties Co., Ltd. ⁽⁶⁾	Investment holding/ People's Republic of China	50	50	50	50
<u>Held by Synergy Truck Pte. Ltd.</u>					
Myanmar Synergy Company Limited ⁽²⁾	Trading/Myanmar	50	50	50	50
<u>Held by Eternal Synergy Pte. Ltd.</u>					
Eternal Company Limited ⁽²⁾	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) The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation purpose.

(3) Meadows Bright Development Pte Ltd, a 50% held associate, holds 50% (2015: 50%) of the equity interest in Bukit Timah Green Development Pte. Ltd.

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

(5) Audited by Deloitte & Touche LLP, Singapore (2015: another firm of auditors).

(6) Audited by Deloitte & Touche LLP, Singapore for consolidation purpose.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

	2016 \$'000	2015 \$'000
Current assets	14,308	142,993
Non-current assets	15,313	5,898
Current liabilities	(23,538)	(150,801)
Non-controlling interests	-	1,058
Equity (Capital deficiency)	6,083	(852)
Revenue	5,278	30,788
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	6,935	(697)

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:

	2016 \$'000	2015 \$'000
Net assets (liabilities) of the associate	6,083	(852)
Proportion of the Group's ownership in the associate	50%	50%
Carrying amount of the Group's interest in the associate	3,042	(426)

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

	2016 \$'000	2015 \$'000
Current assets	55,828	60,185
Non-current assets	87	118
Current liabilities	(129,763)	(131,765)
Capital deficiency	(73,848)	(71,462)
Revenue	8,668	293
Loss for the year	(4,136)	(59,043)
Other comprehensive income for the year	1,750	177
Total comprehensive loss for the year	(2,386)	(58,866)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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)

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:

	2016 \$'000	2015 \$'000
Net liabilities of the associate	(73,848)	(71,462)
Proportion of the Group's ownership in the associate	25.37%	25.37%
	(18,735)	(18,130)
Pre-acquisition losses not recorded by the Group	8,007	8,007
	(10,728)	(10,123)
Carrying amount of the Group's interest in the associate comprising cost plus share of post-acquisition results of the associate	-	-
Cumulative share of losses not recognised	(10,728)	(10,123)

At December 31, 2016 and 2015, management considers the amount of investment in DSPDS to be fully impaired as explained in Note 3.2.4 (a). The Group's losses related to DSPDS and its subsidiary, DSPDC, are recognised when additional cash funding is provided by the Group.

Aggregate information of other associates that are not individually material

	2016 \$'000	2015 \$'000
The Group's share of (loss) profit for the year	(32)	99
The Group's share of other comprehensive income	1	9
The Group's share of total comprehensive (loss) income	(31)	108
Aggregate carrying amount of the Group's interests in these associates	109	141

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

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

	2016	2015
	\$'000	\$'000
Current assets	795	46,168
Non-current assets	50,719	5,967
Current liabilities	(4,613)	(34,176)
Non-current liabilities	(50,184)	(17,963)
Capital deficiency	(3,283)	(4)
Revenue	-	-
Loss for the year	(1,727)	(889)
Other comprehensive loss for the year	(1,552)	-
Total comprehensive loss for the year	(3,279)	(889)

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:

	2016	2015
	\$'000	\$'000
Net liabilities of the joint venture	(3,283)	(4)
Proportion of the Group's ownership in the joint venture	50%	50%
	(1,642)	(2)
Carrying amount of the Group's interest in the joint venture	-	-
Cumulative share of losses not recognised	(1,642)	(2)

At December 31, 2016 and 2015, management considers the amount of investment in SZI to be fully impaired. The Group evaluates whether there are no further losses to be recorded by assessing the recoverability of funds provided by the Group as explained in Note 3.2.4 (b).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

Synergy Truck Pte. Ltd. and its subsidiary

	2016	2015
	\$'000	\$'000
Current assets	24,353	17,795
Non-current assets	4,187	1,667
Current liabilities	(20,933)	(13,884)
Equity	7,607	5,578
Revenue	18,051	9,182
Loss for the year	(151)	(778)
Other comprehensive income for the year	180	154
Total comprehensive income (loss) for the year	29	(624)

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:

	2016	2015
	\$'000	\$'000
Net assets of the joint venture	7,607	5,578
Proportion of the Group's ownership in the joint venture	50%	50%
Group's share of net assets	3,804	2,789
Premium paid on acquisition	426	426
Carrying amount of the Group's interest in the joint venture	4,230	3,215

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

16 ASSOCIATES AND JOINT VENTURES (CONTINUED)

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

Eternal Synergy Pte. Ltd. and its subsidiary

	2016	2015
	\$'000	\$'000
Current assets	13,444	11,880
Non-current assets	420	402
Current liabilities	(9,405)	(8,095)
Equity	4,459	4,187
Revenue	16,423	13,281
Profit (Loss) for the year	340	(106)
Other comprehensive loss for the year	(68)	(854)
Total comprehensive income (loss) for the year	272	(960)

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:

	2016	2015
	\$'000	\$'000
Net assets of the joint venture	4,459	4,187
Proportion of the Group's ownership in the joint venture	50%	50%
Group's share of net assets	2,230	2,094
Premium paid on acquisition	2,073	2,073
Carrying amount of the Group's interest in the joint venture	4,303	4,167

Aggregate information of joint ventures that are not individually material

	2016	2015
	\$'000	\$'000
The Group's share of profit (loss) for the year	53	(192)
The Group's share of other comprehensive (loss) income	(5)	23
The Group's share of total comprehensive income (loss)	48	(169)

Aggregate carrying amount of the Group's interests in these joint ventures

719	406
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- (d) The Group's 49% interest in an unincorporated joint venture is recorded at cost contributed towards acquisition of land. The joint venture has no operating results.

NOTES TO FINANCIAL STATEMENTS

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17 OTHER NON-CURRENT ASSETS

	Group	
	2016 \$'000	2015 \$'000
Club memberships, at cost	416	416
Less: Impairment loss	(120)	(98)
	296	318

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2016 \$'000	2015 \$'000
Interest rate cap	91	783

The interest rate cap protects against increases in interest rates by capping the maximum rate payable when the floating interest rate (Singapore Swap Offer Rate) exceeds the cap. The Group receives the difference between the capped rate of 1.5% and the floating rate. The nominal amount of the contract is \$50 million and the period of the protection is up to July 2018.

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

19 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and prior reporting period:

	Profits on uncompleted projects (taxable on completion) \$'000	Accelerated tax depreciation \$'000	Others \$'000	Net \$'000
At January 1, 2015	1,444	370	(131)	1,683
(Credit) Charge to profit or loss (Note 30)	(1,444)	(70)	131	(1,383)
At December 31, 2015	-	300	-	300
Charge to profit or loss (Note 30)	-	15	-	15
At December 31, 2016	-	315	-	315

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December 31, 2016

20 BORROWINGS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Unsecured</u>				
Bank loans	9,500	13,622	-	-
Invoice financing	182	-	-	-
Trust receipts	-	197	-	-
<u>Secured</u>				
Invoice financing	4,105	3,121	-	-
Bank loans	311,057	294,304	30,000	-
	324,844	311,244	30,000	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(131,184)	(82,014)	(5,000)	-
Amount due for settlement after 12 months	193,660	229,230	25,000	-

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

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

The Group has the following secured bank loans:

- Loans of \$178,863,000 (2015: \$163,129,000) are secured by mortgages over the Group's investment properties (Note 13) and certain fixed deposits.
- Loans of \$112,194,000 (2015: \$121,178,000) are secured by mortgages over the Group's development properties (Note 11).
- Loans of \$20,000,000 (2015: \$9,997,000) are secured by mortgages over the Group's leasehold properties (Note 12).

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables:				
- Third parties	42,169	46,107	-	-
- Associates (Note 5)	-	19	-	-
- Companies in which certain directors have control (Note 5)	20	4	-	-
Other payables:				
- Third parties	3,307	3,468	-	-
- Associates (Note 5)	41	118	-	-
- Companies in which certain directors have control (Note 5)	38	44	-	-
- Non-controlling shareholders of subsidiaries	43,631	34,567	902	973
Accrued operating expenses	6,293	8,583	-	-
Accrued contract cost	3,241	5,964	-	-
Amounts due to contract customers (Note 10)	10,259	37,945	-	-
Retention payables	18,464	20,051	-	-
Advance payment received	15,610	2,511	-	-
Deposits received	3,473	1,271	-	-
Total trade and other payables	146,546	160,652	902	973
Current	107,697	128,617	902	973
Non-current	38,849	32,035	-	-
	146,546	160,652	902	973

The balances owing to related parties are unsecured, interest-free and repayable on demand. Included in other payables due to non-controlling shareholders of subsidiaries is \$37,406,000 (2015: \$23,000,000) which bears average interest at 2.8% (2015: 3.0%) per annum. For the purpose of determining present value of retention monies, the discount rate is 5% (2015: 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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December 31, 2016

22 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Amounts payable under finance leases:				
Within 1 year	387	323	343	295
Within 2 to 5 years	509	475	472	431
	896	798	815	726
Less: Future finance charges	(81)	(72)	-	-
Present value of lease obligations	815	726	815	726
Less: Amount due for settlement within 12 months (shown under current liabilities)			(343)	(295)
Amount due for settlement after 12 months			472	431

The lease terms range from 3 to 5 years (2015: 3 to 5 years). The average effective interest rate approximates 3.9% (2015: 3.5%) per annum. Interest rates are fixed at the contract dates. All finance leases repayments are fixed with no contingent amount payable.

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

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

23 TERM NOTES

	Group and Company	
	2016 \$'000	2015 \$'000
Multi-currency term notes, net of issuance cost:		
Current	-	74,588
Non-current	39,778	-

In August 2013, the Company set up a \$150 million multi-currency medium term note programme. In April 2014, the Company issued \$75 million medium term notes due October 24, 2016 at fixed interest rate of 5.25% per annum. Interest was payable on a half-yearly basis. The term notes were fully settled in 2016.

In June 2015, the Company increased the programme size to \$300 million. In March 2016, the Company issued \$40 million medium term notes due March 29, 2018 at fixed interest rate of 5.50% per annum. Interest is payable on a half-yearly basis.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

24 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		\$'000	\$'000
Issued and paid up:				
At beginning of the year	465,000,000	465,000,000	142,185	142,185
Issue of shares pursuant to Scrip Dividend Scheme	17,270,359	–	3,972	–
At end of the year	482,270,359	465,000,000	146,157	142,185

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 2016, the Company allotted and issued 17,270,359 new ordinary shares at an issue price of \$0.23 per new share to eligible shareholders who have elected to participate in the Scrip Dividend Scheme, in respect of the first and final one-tier tax exempt dividend of \$0.01 per ordinary shares of the Company, which was approved by the shareholders at the annual general meeting held on April 27, 2016. These shares were listed and quoted on the Singapore Exchange Securities Trading Limited on June 21, 2016.

25 CAPITAL RESERVE

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

26 REVENUE

	Group	
	2016	2015
	\$'000	\$'000
Revenue from:		
Construction contracts	123,234	176,408
Sale of development properties	34,616	74,564
Sale of goods	21,566	17,512
Rental of properties	7,983	1,493
Worker training and other services	6,704	6,719
	194,103	276,696

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

27 OTHER INCOME

	Group	
	2016 \$'000	2015 \$'000
Rental income	656	974
Management fee income from companies in which certain directors have control (Note 5)	489	493
Project management and administrative fee	112	218
Interest income	355	567
Interest income from associates (Note 5)	473	800
Interest income from joint ventures (Note 5)	577	246
Deemed interest income on retention amounts	953	902
Net gain in fair value of investment properties	-	19,189
Gain on disposal of property, plant and equipment	36	265
Reversal of impairment loss on development properties	1,012	-
Grant from government	708	578
Other sundry income	606	799
	5,977	25,031

28 OTHER OPERATING EXPENSES

	Group	
	2016 \$'000	2015 \$'000
Depreciation (Note 31)	3,693	3,283
Property tax and repair and maintenance	1,130	1,162
Allowance for doubtful receivables, net	2,209	22,424
Rental expenses	1,217	854
Net loss in fair value of investment properties	16,255	-
Impairment loss on development properties	-	24,691
Impairment loss on investment in associate	-	4,811
Impairment loss on other non-current assets	22	82
Legal and professional fees	551	637
Loss on sale of available-for-sale investments	-	152
Fair value change in financial derivative instrument	692	147
Net foreign exchange losses	670	1,135
Property, plant and equipment written off	2	297
Trainers' fee	182	168
Others	1,528	263
	28,151	60,106

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

29 FINANCE COSTS

	Group	
	2016 \$'000	2015 \$'000
Interest on borrowings	14,565	13,006
Interest from a non-controlling interest	1,108	546
Interest on obligations under finance leases	31	38
Deemed interest expense on retention amounts	938	121
Total borrowing costs	16,642	13,711
Less: Amounts included as cost of development properties (Note 11)	(4,225)	(3,896)
Less: Amounts included as cost of investment properties (Note 13)	(818)	(6,019)
	11,599	3,796

30 INCOME TAX EXPENSE

	Group	
	2016 \$'000	2015 \$'000
Current tax		
– for the year	1,587	8,465
– (over) under provision in prior years	(817)	882
Deferred tax (Note 19)	15	(1,383)
	785	7,964

Income tax in Singapore is calculated at 17% (2015: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2016 \$'000	2015 \$'000
Loss before income tax	(13,768)	(16,001)
Tax credit at Singapore statutory rate of 17% (2015: 17%)	(2,341)	(2,720)
Tax effect of expenses that are not deductible in determining taxable profit	3,771	9,693
Effect of differences in tax rate in other jurisdictions	39	18
Deferred tax benefits not recognised	1,003	638
(Over) Under provision in prior years	(817)	882
Tax exempt income	(112)	(215)
Tax rebate	(75)	(147)
Utilisation of tax losses	(683)	(185)
	785	7,964

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

30 INCOME TAX EXPENSE (CONTINUED)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has the following unutilised tax losses available for offset against future profits.

	Group	
	2016	2015
	\$'000	\$'000
Balance at beginning of the year	3,745	882
Adjustment in respect of prior year	2,273	199
Addition during the year	5,900	3,752
Utilisation during the year	(4,017)	(1,088)
Balance at end of the year	7,901	3,745
Deferred tax benefit on above unrecorded	1,343	637

No deferred tax asset has been recognised on unutilised tax losses due to the unpredictability of future profit against which the tax losses can be utilised.

At December 31, 2016, undistributed earnings of foreign subsidiaries was \$2.5 million (2015: \$1.4 million). These earnings are subject to withholding tax of 10% if remitted out of these foreign tax jurisdictions. No deferred tax has been provided by the Group in respect of these unremitted retained earnings as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31 LOSS FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2016	2015
	\$'000	\$'000
Depreciation on property, plant and equipment (Note 12)	4,238	4,903
Depreciation allocated to construction projects in progress	(545)	(1,620)
Depreciation charged as other operating expense (Note 28)	3,693	3,283
Cost of development properties recognised as cost of sales	28,206	59,897
Directors' remuneration:		
– of the Company	1,718	1,712
– of the subsidiaries	553	603
Employee benefits (excluding directors' remuneration)	24,087	26,610
Audit fees paid/payable to auditors of the Company	334	360
Non-audit fees paid/payable to auditors of the Company	11	18

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

32 LOSS PER SHARE

Loss per share of 1.4 cents per share for 2016 has been calculated based on the loss attributable to the owners of the Company of \$6,668,000 and the weighted average number of 475,074,376 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 5.1 cents per share for 2015 has been calculated based on the loss attributable to the owners of the Company of \$23,853,000 and 465,000,000 shares.

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.

In 2015, investment in real estate was included in real estate development and investment segment. With full completion of development of the dormitory and commencement of rental in 2016, investment in real estate is classified a separate business segment. Segment information for 2015 is separately classified for comparability.

Real estate development

Development of residential and commercial projects and project management services.

Distribution

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

Others

This comprises management and administration services.

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

All assets are allocated to reportable segments except for club memberships (Note 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

33 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate investment \$'000	Real estate development \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2016							
REVENUE							
External revenue	129,938	7,983	34,616	21,566	-	-	194,103
Inter-segment revenue	35,545	25	288	10,454	-	(46,312)	-
	165,483	8,008	34,904	32,020	-	(46,312)	194,103
RESULT							
Segment result	3,831	(17,861)	10,012	597	(1,106)	-	(4,527)
Interest income	1,079	1,090	75	3	111	-	2,358
Interest expense	(1,149)	(6,000)	(560)	(123)	(3,767)	-	(11,599)
Profit (Loss) before income tax	3,761	(22,771)	9,527	477	(4,762)	-	(13,768)
Income tax expense	(808)	(5)	308	(280)	-	-	(785)
Profit (Loss) for the year	2,953	(22,776)	9,835	197	(4,762)	-	(14,553)
STATEMENT OF FINANCIAL POSITION							
Segment assets	241,671	455,944	268,398	29,015	222,434	(493,314)	724,148
Unallocated corporate assets	296	-	-	-	-	-	296
Total assets	241,967	455,944	268,398	29,015	222,434	(493,314)	724,444
Segment liabilities	119,236	417,842	262,774	21,766	70,681	(378,487)	513,812
OTHER INFORMATION							
Additions to non-current assets	7,587	3,022	2,632	236	-	-	13,477
Associates and joint ventures	-	5,367	-	9,252	-	-	14,619
Depreciation	2,645	592	640	361	-	-	4,238
Reversal of allowance for impairment on development properties	-	-	(1,012)	-	-	-	(1,012)
Allowance for doubtful receivables, net	1,869	325	-	15	-	-	2,209
Allowance for impairment on other non-current assets	22	-	-	-	-	-	22

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

33 SEGMENT INFORMATION (CONTINUED)

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 financial year, a dividend of 1.0 cent per share totalling \$4,650,000 was paid to the shareholders through allotment and issue of 17,270,359 new shares at an issue price of \$0.23 per share and cash dividend of \$678,000.

In respect of 2016, the directors propose that tax exempt final dividend of 1.0 cent (2015: 1.0 cent) per share be paid to shareholders. This dividend amounting to \$4,822,704 (2015: \$4,650,000) is subject to the approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements.

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, 2016 was \$39.0 million (2015: \$80.9 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, 2016 was \$12.4 million (2015: \$4.1 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, 2016 was \$290.6 million (2015: \$307.9 million).
- (d) Corporate guarantees have been given by the Group to financial institutions in respect of bankers' guarantees amounting to \$21.5 million (2015: \$23.6 million) and performance bonds/guarantees amounting to \$37.2 million (2015: \$57.3 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

36 OPERATING LEASE ARRANGEMENTS

	Group	
	2016	2015
	\$'000	\$'000
<u>The Group as lessee</u>		
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	1,550	861

Of the amount disclosed above, \$333,000 (2015: \$7,000) is charged to cost of sales and the remaining balance is charged to other operating expenses.

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

	Group	
	2016	2015
	\$'000	\$'000
Within one year	1,348	847
In the second to fifth year inclusive	2,953	1,670
> 5 years	1,176	543
	5,477	3,060

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

The Group as lessor

	Group	
	2016	2015
	\$'000	\$'000
Rental income	8,619	2,447

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

	Group	
	2016	2015
	\$'000	\$'000
Within one year	12,376	2,214
In the second to fifth year inclusive	5,799	2,085
	18,175	4,299

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liong Kiam Teck

Executive Chairman

Neo Tiam Poon @ Neo Thiam Poon

Deputy Executive Chairman

Neo Tiam Boon, PBM

Chief Executive Officer and Executive Director

Neo Thiam An

Executive Director

Lim Hock Beng

Lead Independent Director

Lee Ah Fong

Independent Director

Mervyn Goh Bin Guan

Independent Director

AUDIT COMMITTEE

Lim Hock Beng (Chairman)

Lee Ah Fong

Mervyn Goh Bin Guan

NOMINATING COMMITTEE

Mervyn Goh Bin Guan (Chairman)

Lim Hock Beng

Neo Tiam Boon, PBM

REMUNERATION COMMITTEE

Lee Ah Fong (Chairman)

Lim Hock Beng

Mervyn Goh Bin Guan

COMPANY SECRETARIES

Foo Soon Soo

Yap Ming Choo

AUDITORS

Deloitte & Touche LLP

Chartered Accountants

6 Shenton Way

OUE Downtown 2 #33-00

Singapore 068809

Partner-in-charge: Wong-Yeo Siew Eng

(Appointed since 24 April 2013)

PRINCIPAL BANKERS

United Overseas Bank Limited

Oversea-Chinese Banking Corporation Limited

Malayan Banking Berhad

The Hong Kong and Shanghai Banking Corporation 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, i.MAGE

Chia Hui Kheng / Deborah Lim Hui Li

55 Market Street

#02-01

Singapore 048941

Tel: (65) 6534 5122

Fax: (65) 6534 4171

huikheng.chia@citigatedrimage.com

Deborah.Lim@citigatedrimage.com

SHAREHOLDERS' INFORMATION

As at 16 March 2017

SHARE CAPITAL

Issued and fully paid capital	:	\$146,157,617
Total number of shares in issue	:	482,270,359
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	–	–	–	–
100 – 1,000	64	9.50	61,118	0.01
1,001 – 10,000	256	37.98	1,231,565	0.26
10,001 – 1,000,000	337	50.00	29,081,888	6.03
1,000,001 and above	17	2.52	451,895,788	93.70
	674	100.00	482,270,359	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares fully paid			
	Direct Interest	%	Deemed Interest	%
Liong Kiam Teck ⁽¹⁾	159,572,818	33.09	20,000	0.004
Neo Tiam Poon @ Neo Thiam Poon	76,594,953	15.88	–	–
Neo Tiam Boon	80,495,622	16.69	–	–
Neo Thiam An	37,942,870	7.87	–	–
Koh Wee Seng ⁽²⁾	47,910,000	9.93	–	–

Notes:

- (1) Mr Liong is deemed to be interested in 20,000 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 16 March 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Liong Kiam Teck	159,572,818	33.09
2.	Neo Tiam Boon	80,495,622	16.69
3.	Neo Tiam Poon @ Neo Thiam Poon	76,594,953	15.88
4.	Neo Thiam An	37,942,870	7.87
5.	CIMB Securities (Singapore) Pte Ltd	23,498,392	4.87
6.	UOB Kay Hian Pte Ltd	21,795,100	4.52
7.	Maybank Kim Eng Securities Pte Ltd	18,372,387	3.81
8.	Phillip Securities Pte Ltd	15,859,814	3.29
9.	HSBC (Singapore) Nominees Pte Ltd	3,130,435	0.65
10.	Lim & Tan Securities Pte Ltd	2,920,000	0.60
11.	Tan Su Lan @ Tan Soo Lung	2,597,000	0.54
12.	Lim Seng Kuan	2,589,000	0.53
13.	Koh Wee Seng*	1,673,797	0.35
14.	Singamina Investment Pte Ltd	1,400,000	0.29
15.	Lew Pei Yen Patrina	1,300,000	0.27
16.	Yap Bau Tan	1,148,600	0.24
17.	Lee Chee Hong	1,005,000	0.21
18.	Ko Lee Meng	965,000	0.20
19.	King Wan Construction Pte Ltd	930,000	0.19
20.	Ng Han Kim	900,000	0.19
		454,690,788	94.28

* Refer to Note 2 in preceding page.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 16 March 2017, approximately 16.31% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY SHARES – RULE 1207(9)(F)

The Company does not hold any Treasury Shares.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TA Corporation Ltd (the "Company") will be held at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 on Wednesday, 26 April 2017 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 31 December 2016 and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a Final Dividend (tax exempt one-tier) of 1.0 cent per share for the financial year ended 31 December 2016. **(Resolution 2)**
(See Explanatory Note 1)
3. To approve Directors' fees of S\$186,250 for the financial year ended 31 December 2016 (2015: \$186,250). **(Resolution 3)**
4. To re-elect Mr Neo Tiam Poon @ Neo Thiam Poon, a Director retiring under Article 91 of the Constitution of the Company. **(Resolution 4)**
5. To re-elect Mr Neo Tiam Boon, a Director retiring under Article 91 of the Constitution of the Company. **(Resolution 5)**
6. To re-elect Mr Mervyn Goh Bin Guan, a Director retiring under Article 91 of the Constitution of the Company. **(Resolution 6)**

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.
7. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

8. 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 SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:
- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares, 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 for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;
- (a) new shares arising from the conversion or exercise of convertible securities, or
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)

(See Explanatory Note 2)

9. 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.

NOTICE OF THE ANNUAL GENERAL MEETING

- (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 Articles 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 held by the Company as at the date of the passing of this Resolution) unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period or within any one financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered; and

“**Maximum Price**” means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any Share Buy-Back determined by the Directors, but in any event, not exceeding the maximum price, which:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

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

NOTICE OF THE ANNUAL GENERAL MEETING

- (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 9)
(See Explanatory Note 3)

10. Authority to issue shares under TA Corporation Ltd Scrip Dividend Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST, the Directors of the Company be authorised:

- (a) to issue such number of shares in the capital of the Company as may be required to be issued pursuant to the application of the TA Corporation Ltd Scrip Dividend Scheme from time to time; and/or
- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue such number of shares in the capital of the Company pursuant to the application of the TA Corporation Ltd Scrip Dividend Scheme to any dividend which was approved while the authority conferred by this Resolution was in force;

provided that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 10)
(See Explanatory Note 4)

ANY OTHER BUSINESS

11. 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, 7 April 2017

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

1. The TA Corporation Ltd. Scrip Dividend Scheme is applicable if the Proposed Dividend in Resolution 2 is passed.
2. Resolution 8, 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 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 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 of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
3. Resolution 9, 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 31 December 2016 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.
4. Resolution 10, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the application of the TA Corporation Ltd. Scrip Dividend Scheme.

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 must be deposited at the registered office of the Company at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 not later than 48 hours before the time appointed for the Annual General Meeting.

NOTICE OF 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 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 BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of TA Corporation Ltd. (the "Company") will closed on 9 May 2017 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 9 May 2017 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company at 5.00 p.m. on 9 May 2017 will be entitled to the proposed final dividend.

Payment of the proposed dividend, if approved by shareholders at the Annual General Meeting to be held on 26 April 2017 will be paid on 23 June 2017.

BY ORDER OF THE BOARD

Foo Soon Soo
Yap Ming Choo
Company Secretaries

Singapore, 7 April 2017

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 Wednesday, 26 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No	Ordinary Resolutions	No. of Votes	
		For*	Against*
Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2016 and the Auditors' Report thereon.		
2.	To declare a Final Dividend (tax exempt one-tier) of 1.0 cent per share for the financial year ended 31 December 2016.		
3.	To approve Directors' fees of \$186,250 for the financial year ended 31 December 2016. [2015: \$186,250].		
4.	To re-elect Mr Neo Tiam Poon @ Neo Thiam Poon as a Director.		
5.	To re-elect Mr Neo Tiam Boon as a Director.		
6.	To re-elect Mr Mervyn Goh Bin Guan as a Director.		
7.	To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
8.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To renew the Share Buy-Back Mandate.		
10.	To authorise Directors to issue shares under TA Corporation Ltd. Scrip Dividend Scheme.		

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

Dated this _____ day of _____ 2017

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 its Articles of Constitution of the Company and 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 48 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 the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.



TA CORPORATION LTD

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