



TA CORPORATION LTD

**Unaudited Condensed Interim Financial Statements for
the six months and full year ended 31 December 2021**

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

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

| | Notes | GROUP | | | | | |
|---|-------|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
| | | 2H2021 S\$'000 | 2H2020 S\$'000 | Change % | FY2021 S\$'000 | FY2020 S\$'000 | Change % |
| Revenue | 5 | 112,476 | 85,318 | 31.8 | 218,171 | 161,984 | 34.7 |
| Cost of sales | | (99,266) | (70,168) | 41.5 | (198,318) | (153,843) | 28.9 |
| Gross profit | | 13,210 | 15,150 | (12.8) | 19,853 | 8,141 | 143.9 |
| Other income | 6 | 5,968 | 2,363 | 152.6 | 8,849 | 6,689 | 32.3 |
| Selling and distribution costs | | (460) | (519) | (11.4) | (1,222) | (1,085) | 12.6 |
| General and administrative expenses | | (8,866) | (10,133) | (12.5) | (18,008) | (21,012) | (14.3) |
| Other operating expenses | | (12,282) | (29,582) | (58.5) | (21,818) | (33,639) | (35.1) |
| Impairment loss on financial assets | | (994) | (2,917) | (65.9) | (1,137) | (2,968) | (61.7) |
| Share of (loss) profit, net of tax of associates and joint ventures | | (1,238) | (154) | NM | (2,183) | 1,026 | NM |
| Finance costs | | (6,119) | (4,892) | 25.1 | (11,119) | (12,253) | (9.3) |
| Loss before income tax | 7 | (10,781) | (30,684) | (64.9) | (26,785) | (55,101) | (51.4) |
| Income tax expense | 8 | (1,139) | (1,361) | (16.3) | (2,267) | (2,566) | (11.7) |
| Loss after income tax | | (11,920) | (32,045) | (62.8) | (29,052) | (57,667) | (49.6) |
| Other comprehensive income (loss): | | | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | | | |
| Exchange differences on translation of foreign operations | | 622 | (796) | (178.1) | (1,123) | 485 | NM |
| Share of other comprehensive (loss) income of associates and joint ventures | | (419) | (336) | 24.7 | (859) | 152 | NM |
| Total comprehensive loss for the year | | (11,717) | (33,177) | (64.7) | (31,034) | (57,030) | (45.6) |
| (Loss) Profit attributable to : | | | | | | | |
| Owners of the Company | | (11,099) | (27,885) | (60.2) | (29,152) | (55,804) | (47.8) |
| Non-controlling interests | | (821) | (4,160) | (80.3) | 100 | (1,863) | (105.4) |
| | | (11,920) | (32,045) | (62.8) | (29,052) | (57,667) | (49.6) |
| Total comprehensive loss attributable to: | | | | | | | |
| Owners of the Company | | (11,058) | (28,347) | (61.0) | (30,686) | (55,362) | (44.6) |
| Non-controlling interests | | (659) | (4,830) | (86.4) | (348) | (1,668) | (79.1) |
| | | (11,717) | (33,177) | (64.7) | (31,034) | (57,030) | (45.6) |
| NM = Not meaningful | | | | | | | |

B. Unaudited condensed interim statements of financial position

| | Note | Group | | Company | |
|--|--------|----------------|----------------|----------------|----------------|
| | | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| | | SS'000 | SS'000 | SS'000 | SS'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 65,002 | 54,911 | 125 | 32 |
| Trade and other receivables | 10 (a) | 51,080 | 53,091 | 32,744 | 30,026 |
| Deposits and prepayments | | 11,395 | 11,268 | 14 | 10 |
| Inventories | | 3,663 | 6,646 | - | - |
| Contract assets | 10 (b) | 32,145 | 32,697 | - | - |
| Development properties | | 305,493 | 287,111 | - | - |
| | | 468,778 | 445,724 | 32,883 | 30,068 |
| Asset classified as held for sale | | 4,935 | - | - | - |
| Total current assets | | 473,713 | 445,724 | 32,883 | 30,068 |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 45,705 | 52,867 | - | - |
| Investment properties | 12 | 181,480 | 213,560 | - | - |
| Subsidiaries | | - | - | 79,384 | 78,104 |
| Goodwill | | 1,759 | 2,595 | - | - |
| Associates and joint ventures | | 14,148 | 17,840 | - | - |
| Trade and other receivables | 10 (a) | 50,518 | 47,607 | 95,016 | 97,497 |
| Other non-current assets | | 391 | 392 | - | - |
| Total non-current assets | | 294,001 | 334,861 | 174,400 | 175,601 |
| Total assets | | 767,714 | 780,585 | 207,283 | 205,669 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Borrowings | 13 | 200,121 | 200,358 | 5,080 | 5,000 |
| Trade and other payables | | 108,140 | 107,451 | 13,264 | 28,052 |
| Lease liabilities | | 1,133 | 970 | - | - |
| Contract liabilities | | 116,928 | 94,752 | - | - |
| Provisions | | 5,879 | 6,852 | - | - |
| Income tax payable | | 2,655 | 3,441 | - | - |
| | | 434,856 | 413,824 | 18,344 | 33,052 |
| Liabilities directly associated with asset classified as held for sale | | 4,150 | - | - | - |
| Total current liabilities | | 439,006 | 413,824 | 18,344 | 33,052 |
| Non-current liabilities | | | | | |
| Borrowings | 13 | 151,279 | 180,543 | 5,000 | 7,500 |
| Trade and other payables | | 81,914 | 58,825 | 35,510 | - |
| Lease liabilities | | 1,354 | 1,965 | - | - |
| Term notes | | 26,724 | 26,724 | 26,724 | 26,724 |
| Deferred tax liabilities | | 50 | 236 | - | - |
| Total non-current liabilities | | 261,321 | 268,293 | 67,234 | 34,224 |
| Capital, reserves and non-controlling interests | | | | | |
| Share capital | 14 | 154,189 | 154,189 | 154,189 | 154,189 |
| Reserves | 15 | 675 | 675 | 31 | 31 |
| Translation reserves | | (904) | 630 | - | - |
| Accumulated losses | | (77,724) | (48,572) | (32,515) | (15,827) |
| Equity attributable to owners of the Company | | 76,236 | 106,922 | 121,705 | 138,393 |
| Non-controlling interests | | (8,849) | (8,454) | - | - |
| Total equity | | 67,387 | 98,468 | 121,705 | 138,393 |
| Total liabilities and equity | | 767,714 | 780,585 | 207,283 | 205,669 |

C. Unaudited condensed interim statements of changes in equity

| <u>Group (S\$'000)</u> | <u>Share capital</u> | <u>Reserves</u> | <u>Translation reserves</u> | <u>Retained earnings (Accumulated losses)</u> | <u>Equity attributable to owners of the Company</u> | <u>Non-controlling interests</u> | <u>Total equity</u> |
|--|----------------------|-----------------|-----------------------------|---|---|----------------------------------|---------------------|
| Balance at January 1, 2020 | 154,189 | 675 | 188 | 7,232 | 162,284 | (6,632) | 155,652 |
| <i>Total comprehensive (loss) income for the year</i> | | | | | | | |
| Loss for the year | - | - | - | (55,804) | (55,804) | (1,863) | (57,667) |
| Other comprehensive income for the year | - | - | 442 | - | 442 | 195 | 637 |
| Total | - | - | 442 | (55,804) | (55,362) | (1,668) | (57,030) |
| <i>Transactions with owners, recognised directly in equity</i> | | | | | | | |
| Dividends paid to non-controlling shareholders | - | - | - | - | - | (154) | (154) |
| Balance at December 31, 2020 | 154,189 | 675 | 630 | (48,572) | 106,922 | (8,454) | 98,468 |
| <i>Total comprehensive loss for the year</i> | | | | | | | |
| (Loss) Profit for the year | - | - | - | (29,152) | (29,152) | 100 | (29,052) |
| Other comprehensive loss for the year | - | - | (1,534) | - | (1,534) | (448) | (1,982) |
| Total | - | - | (1,534) | (29,152) | (30,686) | (348) | (31,034) |
| <i>Transactions with owners, recognised directly in equity</i> | | | | | | | |
| Proceeds from issues of shares to non-controlling shareholders | - | - | - | - | - | 3 | 3 |
| Dividends paid to non-controlling shareholders | - | - | - | - | - | (50) | (50) |
| | - | - | - | - | - | (47) | (47) |
| Balance at December 31, 2021 | 154,189 | 675 | (904) | (77,724) | 76,236 | (8,849) | 67,387 |

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

| <u>Company (S\$'000)</u> | <u>Share capital</u> | <u>Reserves</u> | Retained earnings (Accumulated losses) | <u>Total equity</u> |
|---|----------------------|-----------------|---|---------------------|
| Balance at January 1, 2020 | 154,189 | 31 | 5,211 | 159,431 |
| Loss for the year, representing total comprehensive loss for the year | - | - | (21,038) | (21,038) |
| Balance at December 31, 2020 | 154,189 | 31 | (15,827) | 138,393 |
| Loss for the year, representing total comprehensive loss for the year | - | - | (16,688) | (16,688) |
| Balance at December 31, 2021 | 154,189 | 31 | (32,515) | 121,705 |

D. Unaudited condensed interim consolidated statement of cash flows

Operating activities

| | | |
|---|---------|---------|
| Loss before income tax | | |
| Adjustments for expenses (income): | | |
| Depreciation expenses | 7,151 | 8,831 |
| Interest income | (1,152) | (1,961) |
| Finance costs | 11,119 | 12,253 |
| Share of loss (profit) of associates and joint ventures | 2,183 | (1,026) |
| Loss (Gain) on disposal of property, plant and equipment, net | 3 | (12) |
| Loss on disposal of investment properties | 2,768 | 580 |
| Property, plant and equipment written off | 1 | 69 |
| Impairment loss on property, plant and equipment | 1,000 | 284 |
| Impairment loss (Reversal of impairment loss) on other non-current assets | 1 | (10) |
| Impairment of goodwill | 836 | - |
| Impairment of associates and joint ventures | 426 | - |
| Loss in fair value of investment properties | 7,325 | 19,069 |
| Impairment loss on financial assets | 1,137 | 2,968 |
| Provisions | 3,339 | 6,852 |

Operating cash flows before movements in working capital

| | | |
|-----------------------------|----------|----------|
| Trade and other receivables | (7,353) | 15,788 |
| Contract assets | 552 | 16,283 |
| Contract liabilities | 17,213 | 14,686 |
| Deposits and prepayments | (127) | (187) |
| Inventories | 2,983 | 1,476 |
| Development properties | (11,688) | (17,138) |
| Trade and other payables | 13,892 | (5,564) |
| Utilisation of provisions | (4,312) | - |

Cash generated from operations

| | | |
|-----------------|----------|----------|
| Income tax paid | (3,238) | (412) |
| Interest paid | (12,849) | (14,104) |

Net cash from operating activities

Investing activities

| | | |
|--|---------|---------|
| Repayment from (Advances to) associates and joint ventures | 4,975 | (2,615) |
| Dividends received from joint ventures | 225 | 530 |
| Interest received | 1,152 | 1,961 |
| Purchase of property, plant and equipment | (1,516) | (4,047) |
| Proceed from disposal of investment property | 17,052 | 1,950 |
| Proceeds from disposal of property, plant and equipment | 420 | 14 |

Net cash from (used in) investing activities

Financing activities

| | | |
|--|-----------|-----------|
| Loan from a company in which certain directors have control | 9,950 | - |
| Proceeds from borrowings | 205,830 | 140,964 |
| Repayment of borrowings | (231,245) | (117,940) |
| Repayment of principal portion of lease liabilities | (1,130) | (1,451) |
| Pledged cash and fixed deposits | (1,301) | (2,166) |
| Dividends paid to non-controlling shareholders | (50) | (154) |
| Proceeds from issue of shares in subsidiaries from non-controlling shareholder | 3 | - |

Net cash (used in) generated from financing activities

| | | |
|--|--------|--------|
| Increase in cash and cash equivalents | 8,790 | 20,670 |
| Cash and cash equivalents at beginning of the year | 45,215 | 24,611 |
| Effect of exchange rate changes | - | (66) |

Cash and cash equivalents at end of the year

| | | |
|--|----------|---------|
| Cash and cash equivalents at end of the year comprise the following: | | |
| Cash and bank balances | 44,376 | 46,345 |
| Fixed deposits | 20,626 | 8,566 |
| | 65,002 | 54,911 |
| Less: pledged cash and fixed deposits | (10,997) | (9,696) |
| Cash and cash equivalents at end of the year | 54,005 | 45,215 |

| | Group | |
|--|-------------------|-------------------|
| | FY2021 S\$'000 | FY2020 S\$'000 |
| | (26,785) | (55,101) |
| | 7,151 | 8,831 |
| | (1,152) | (1,961) |
| | 11,119 | 12,253 |
| | 2,183 | (1,026) |
| | 3 | (12) |
| | 2,768 | 580 |
| | 1 | 69 |
| | 1,000 | 284 |
| | 1 | (10) |
| | 836 | - |
| | 426 | - |
| | 7,325 | 19,069 |
| | 1,137 | 2,968 |
| | 3,339 | 6,852 |
| | 9,352 | (7,204) |
| | (7,353) | 15,788 |
| | 552 | 16,283 |
| | 17,213 | 14,686 |
| | (127) | (187) |
| | 2,983 | 1,476 |
| | (11,688) | (17,138) |
| | 13,892 | (5,564) |
| | (4,312) | - |
| | 20,512 | 18,140 |
| | (3,238) | (412) |
| | (12,849) | (14,104) |
| | 4,425 | 3,624 |
| | 4,975 | (2,615) |
| | 225 | 530 |
| | 1,152 | 1,961 |
| | (1,516) | (4,047) |
| | 17,052 | 1,950 |
| | 420 | 14 |
| | 22,308 | (2,207) |
| | 9,950 | - |
| | 205,830 | 140,964 |
| | (231,245) | (117,940) |
| | (1,130) | (1,451) |
| | (1,301) | (2,166) |
| | (50) | (154) |
| | 3 | - |
| | (17,943) | 19,253 |
| | 8,790 | 20,670 |
| | 45,215 | 24,611 |
| | - | (66) |
| | 54,005 | 45,215 |
| | 44,376 | 46,345 |
| | 20,626 | 8,566 |
| | 65,002 | 54,911 |
| | (10,997) | (9,696) |
| | 54,005 | 45,215 |

E. Notes to the unaudited condensed interim consolidated financial statements

1. Corporate information

The Company (Registration No. 201105512R) is incorporated in Singapore with its principal place of business and registered office at 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. These unaudited condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

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

Construction

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

Real estate investment

Investment in real estate.

Real estate development

Development of residential and commercial projects and project management services.

Distribution

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

Others

This comprises management and administration services.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last unaudited interim financial statements for the financial period ended 30 June 2021.

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

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

2.1 New and Amended Standards adopted by the Group

The adoption of the various new/revised SFRS(I) pronouncements effective for the financial year beginning on 1 January 2021 does not have a material financial effect on the Group and the Company.

2.2 Uses of judgement and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

2.2 Uses of judgement and estimates - continued

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

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

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

Critical judgements

Going concern assumptions

The Group recorded a loss of S\$29.1 million for the financial year ended 31 December 2021. As of 31 December 2021, the Group's current assets amounted to S\$473.7 million and its current liabilities amounted to S\$439.0 million. However, the Group's current assets include development properties of S\$305.5 million that may not be realisable within one year.

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

- (a) With regard to ongoing construction projects, the Group will be able to manage business disruptions and operational changes resulting from the COVID-19 pandemic;
- (b) The Group will be able to realise certain development properties at specified minimum values;
- (c) The Group will be able to refinance and to extend expiry date by two years of bank loan amounting to US\$39.6 million (equivalent to S\$53.4 million) which is contractually due by September 2022;
- (d) Banks will not demand repayment for loans which are revolving or repayable on demand; and
- (e) A subsidiary of the Company had not complied with financial covenants on bank loans amounting to S\$3.9 million (31 December 2020: S\$15.6 million) which are repayable within the next 12 months and presented as current liabilities as at 31 December 2021. One off waiver had been obtained from the bank for the financial year ended 31 December 2021. The bank reserves the right to recall the loans. Management is of the view that the bank will not exercise its right to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group.

The above assumptions indicate the existence of material uncertainties which may cast doubt on the ability of the Group to continue as a going concern. At the date of these interim financial statements, the discussion with the banks to refinance and to extend expiring date by two years of bank loan mentioned in (c) above is ongoing.

Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

In determining the point of transfer of control, management reviews the legally binding terms and arrangement of the sales contracts. Judgement is exercised in concluding the timing of revenue recognition, particularly in jurisdictions where terms in sale and purchase agreements are not standardised. Accordingly, timing of revenue recognition for properties in the same jurisdiction may vary depending on the contractual terms and arrangement.

2.2 Uses of judgement and estimates - continued

Key sources of estimation uncertainty

Construction contracts and development properties

The Group recognises revenue from construction of residential, industrial and commercial properties using the percentage of completion method. The stage of completion is measured by reference to proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

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

Significant assumptions and judgements are involved in estimating costs to completion for both construction contracts and development of properties; and in the case of contract work, the recoverable amounts for any variation work. Estimates of cost to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the construction or development property, taking into consideration impact arising from COVID-19 pandemic. The COVID-19 pandemic has resulted in business disruptions and operational changes, which have increased the estimation uncertainty relating to budgeted time and costs needed to complete ongoing projects.

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

Management similarly reviews construction contracts for foreseeable losses whenever there is indication that the sum of fixed price contract and any variation sums may be lower than the total expected construction cost.

Management reviews the net realisable values of development properties whenever there is indication that the estimated potential sales proceeds less cost to sell, may be lower than the total expected development cost. The estimated selling prices are based on selling prices for comparable developments and takes into consideration prevailing market conditions.

In assessing the recoverable amounts of properties for sale and the related costs, management considers the specific courses of action that it has taken or plans to take and expectations regarding the results of these actions. Provision is made for incremental cost relating to these conditions and is charged to profit or loss (included in cost of sales).

The above judgements and estimates affect the amount of revenue recognised, the cost included in cost of sales; contract assets, contract liabilities, provisions and development properties. Management's estimates take into account known significant events and information available when the unaudited interim financial statements are prepared. They are subject to periodic reassessment. Current estimates may be subject to material change in future depending on market conditions and the results of actions to be taken in future.

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

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

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

The investment in DSPDS remained fully impaired as at 31 December 2021 and 2020 based on management's assessment, which takes into consideration the market value of unsold units and undeveloped land.

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of S\$28.3 million (31 December 2020: S\$28.2 million) for impairment of receivables from DSPDS which represents all receivables from DSPDS as at 31 December 2021.

2.2 Uses of judgement and estimates - continued

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

The Group has 50% equity stake in the joint venture, SZI. At 31 December 2021, non-current receivables of the Group include S\$23.7 million (31 December 2020: S\$28.9 million) owing by SZI.

In 2015, SZI and its wholly-owned subsidiary Dalian Blue Oasis Properties Co., Ltd. (“DBOP”) entered into agreements to purchase completed and partially completed property units and rights of usage of basement and carparks in DSPDS’s multi-phase mixed development in PRC (Singapore Garden, the “Development”) for amounts totalling RMB201.14 million (equivalent to S\$42.2 million).

In August 2018, DBOP issued a notification letter to DSPDC on its intent to cancel the sale and purchase agreements (“SPAs”) for the sale of residential units from DSPDC to DBOP due to non-delivery of the fully paid purchased residential units within the contracted period under the SPAs by DSPDC. In September 2018, a cancellation agreement was entered into between both parties whereby DSPDC had to refund RMB148,414,985 (approximately S\$29.4 million) due to DBOP and as at 31 December 2021, DBOP has receivables (including interest income receivable) amounting to RMB49.9 million (equivalent to S\$10.6 million) (31 December 2020: RMB47.2 million (equivalent to S\$9.6 million)) from DSPDC relating to the refund. This receivable is determined to be recoverable. Management has assessed that there are tax liabilities associated with the above sales and purchase transactions and has assessed the tax obligation based on probability-weighted approach and determined the tax obligation to be S\$3.3 million (31 December 2020: S\$2.9 million) for DSPDC and S\$0.3 million (31 December 2020: S\$0.3 million) for DBOP. Due to the uncertainty associated with such tax items, it is possible that on conclusion of such tax matters at a future date, the final outcome may differ significantly and this may have an impact on the recoverability of the advances from SZI.

Rights of usage of carparks bought by DBOP have not been transferred as at 31 December 2021. After considering the financial position of SZI group and the valuation of the properties in the Development at 31 December 2021 by an independent valuer, management expects the amount of S\$23.7 million (31 December 2020: S\$28.9 million) to be recoverable from SZI. The fair values of the properties are determined using direct comparison method (31 December 2020: Direct comparison method) which has considered potential impact of the COVID-19 pandemic on real estate valuations.

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

(i) The Company together with another shareholder (the “Joint Guarantor”) of the associate, DSPDS, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS to lend to its subsidiary, DSPDC for development of Singapore Garden (the “Development”). At 31 December 2021, the outstanding bank loan of DSPDS was S\$10.0 million (31 December 2020: S\$10.0 million).

(ii) The outstanding bank loans of DSPDS which is covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to \$10.0 million at 31 December 2021 (31 December 2020: \$10.0 million).

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, management relied on the valuation of the properties in the Development at 31 December 2021 by an independent valuer to estimate the market value of unsold units and remaining land in respect of which there are no development plans as at 31 December 2021.

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

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

Based on the above assessment, management has made the judgement that (a) as of 31 December 2021, no provision for loss needs to be made in connection with the bank guarantees (31 December 2020: \$Nil); and (b) with the full impairment since 2015 of the Group’s investment in DSPDS, the Group discontinues recognition of any share of losses of DSPDS group.

2.2 Uses of judgement and estimates - continued

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

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

Useful life of property, plant and equipment

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

3. Seasonal operations

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

4. Segment and revenue information

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

Segment by Business

| | Construction | Real estate investment | Real estate development | Distribution | Others | Elimination | Total |
|---|--------------|------------------------|-------------------------|--------------|---------|-------------|----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2H2021 | | | | | | | |
| REVENUE | | | | | | | |
| External revenue | 95,099 | 11,674 | 689 | 5,014 | - | - | 112,476 |
| Inter-segment revenue | 14,531 | 502 | 138 | 246 | - | (15,417) | - |
| | 109,630 | 12,176 | 827 | 5,260 | - | (15,417) | 112,476 |
| RESULT | | | | | | | |
| Segment result | (7,464) | 3,249 | 2,746 | (2,720) | (1,030) | - | (5,719) |
| Interest income | 6 | 538 | 3 | 10 | - | - | 557 |
| Finance costs | (447) | (2,189) | (2,214) | (51) | (1,218) | - | (6,119) |
| (Loss) Profit before income tax | (7,905) | 1,598 | 535 | (2,761) | (2,248) | - | (10,781) |
| Income tax credit (expense) | 15 | (1,171) | 1 | 16 | - | - | (1,139) |
| (Loss) Profit for the period | (7,890) | 427 | 536 | (2,745) | (2,248) | - | (11,920) |
| OTHER INFORMATION | | | | | | | |
| Additions to non-current assets | 1,258 | 21 | 26 | 19 | - | - | 1,324 |
| Depreciation expenses | 2,684 | 104 | 191 | 284 | - | - | 3,263 |
| Loss in fair value of investment properties | - | 1,855 | - | - | - | - | 1,855 |
| Impairment loss on financial assets | 92 | 715 | 1 | 186 | - | - | 994 |
| Impairment loss on other non-current assets | 1 | - | - | - | - | - | 1 |

4. Segment and revenue information - continued

| | Construction | Real estate investment | Real estate development | Distribution | Others | Elimination | Total |
|---|--------------|------------------------|-------------------------|--------------|---------|-------------|----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2H2020 | | | | | | | |
| REVENUE | | | | | | | |
| External revenue | 64,828 | 9,999 | 20 | 10,471 | - | - | 85,318 |
| Inter-segment revenue | 15,540 | 1,081 | 566 | 2,604 | - | (19,791) | - |
| | 80,368 | 11,080 | 586 | 13,075 | - | (19,791) | 85,318 |
| RESULT | | | | | | | |
| Segment result | (12,134) | (13,555) | (1,360) | 1,189 | (552) | - | (26,412) |
| Interest income | (11) | 589 | 2 | 40 | - | - | 620 |
| Interest expense | (80) | (2,236) | (1,262) | (235) | (1,079) | - | (4,892) |
| (Loss) Profit before income tax | (12,225) | (15,202) | (2,620) | 994 | (1,631) | - | (30,684) |
| Income tax credit (expense) | 83 | (1,096) | 48 | (396) | - | - | (1,361) |
| (Loss) Profit for the period | (12,142) | (16,298) | (2,572) | 598 | (1,631) | - | (32,045) |
| OTHER INFORMATION | | | | | | | |
| Additions to non-current assets | 2,230 | 120 | 25 | 968 | - | - | 3,343 |
| Depreciation expenses | 3,465 | 228 | 559 | 606 | - | - | 4,858 |
| Loss in fair value of investment properties | 178 | 18,640 | - | - | - | - | 18,818 |
| Impairment loss on financial assets | 439 | 2,319 | 12 | 147 | - | - | 2,917 |
| Impairment loss on other non-current assets | (16) | - | - | - | - | - | (16) |

Geographical segments

| | Singapore | Myanmar | Cambodia | Other countries ⁽ⁱ⁾ | Total |
|---------------|-----------|---------|----------|--------------------------------|---------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2H2021 | | | | | |
| Revenue | 110,498 | 709 | 1,161 | 108 | 112,476 |
| 2H2020 | | | | | |
| Revenue | 83,413 | 672 | 1,247 | (14) | 85,318 |

(i) Includes Malaysia, Thailand and India

4. Segment and revenue information - continued

| | Construction | Real estate investment | Real estate development | Distribution | Others | Elimination | Total |
|---|--------------|------------------------|-------------------------|--------------|---------|-------------|----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| FY2021 | | | | | | | |
| REVENUE | | | | | | | |
| External revenue | 181,776 | 23,226 | 1,415 | 11,754 | - | - | 218,171 |
| Inter-segment revenue | 31,714 | 1,088 | 276 | 2,668 | - | (35,746) | - |
| | 213,490 | 24,314 | 1,691 | 14,422 | - | (35,746) | 218,171 |
| RESULT | | | | | | | |
| Segment result | (20,730) | 6,026 | 2,401 | (3,259) | (1,256) | - | (17,318) |
| Interest income | 12 | 1,080 | 5 | 55 | - | - | 1,152 |
| Interest expense | (978) | (4,408) | (3,338) | (120) | (2,275) | - | (11,119) |
| (Loss) Profit before income tax | (21,696) | 2,698 | (932) | (3,324) | (3,531) | - | (26,785) |
| Income tax (expense) credit | - | (2,261) | 1 | (7) | - | - | (2,267) |
| (Loss) Profit for the year | (21,696) | 437 | (931) | (3,331) | (3,531) | - | (29,052) |
| STATEMENT OF FINANCIAL POSITION | | | | | | | |
| Segment assets | 109,785 | 301,489 | 346,451 | 9,459 | 139 | - | 767,323 |
| Unallocated corporate assets | 391 | - | - | - | - | - | 391 |
| Total assets | 110,176 | 301,489 | 346,451 | 9,459 | 139 | - | 767,714 |
| Segment liabilities | 164,701 | 189,714 | 282,005 | 4,368 | 59,539 | - | 700,327 |
| OTHER INFORMATION | | | | | | | |
| Additions to non-current assets | 2,009 | 79 | 35 | 74 | - | - | 2,197 |
| Associates and joint ventures | - | 7,070 | - | 7,078 | - | - | 14,148 |
| Depreciation expenses | 5,900 | 260 | 390 | 601 | - | - | 7,151 |
| Loss in fair value of investment properties | - | 7,325 | - | - | - | - | 7,325 |
| Impairment loss on financial assets | 126 | 715 | 30 | 266 | - | - | 1,137 |
| Impairment loss on other non-current assets | 1 | - | - | - | - | - | 1 |

4. Segment and revenue information - continued

| | Construction | Real estate investment | Real estate development | Distribution | Others | Elimination | Total |
|---|-----------------|------------------------|-------------------------|---------------|----------------|-----------------|-----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>FY2020</u> | | | | | | | |
| REVENUE | | | | | | | |
| External revenue | 117,177 | 21,850 | 41 | 22,916 | - | - | 161,984 |
| Inter-segment revenue | 25,322 | 1,271 | 704 | 8,433 | - | (35,730) | - |
| | <u>142,499</u> | <u>23,121</u> | <u>745</u> | <u>31,349</u> | <u>-</u> | <u>(35,730)</u> | <u>161,984</u> |
| RESULT | | | | | | | |
| Segment result | (38,819) | (4,141) | (4,411) | 3,369 | (807) | - | (44,809) |
| Interest income | 619 | 1,277 | 8 | 57 | - | - | 1,961 |
| Interest expense | (1,546) | (5,266) | (2,865) | (399) | (2,177) | - | (12,253) |
| (Loss) Profit before income tax | <u>(39,746)</u> | <u>(8,130)</u> | <u>(7,268)</u> | <u>3,027</u> | <u>(2,984)</u> | <u>-</u> | <u>(55,101)</u> |
| Income tax credit (expense) | 53 | (2,168) | 40 | (491) | - | - | (2,566) |
| (Loss) Profit for the year | <u>(39,693)</u> | <u>(10,298)</u> | <u>(7,228)</u> | <u>2,536</u> | <u>(2,984)</u> | <u>-</u> | <u>(57,667)</u> |
| STATEMENT OF FINANCIAL POSITION | | | | | | | |
| Segment assets | 128,849 | 321,540 | 308,195 | 20,732 | 877 | - | 780,193 |
| Unallocated corporate assets | 392 | - | - | - | - | - | 392 |
| Total assets | <u>129,241</u> | <u>321,540</u> | <u>308,195</u> | <u>20,732</u> | <u>877</u> | <u>-</u> | <u>780,585</u> |
| Segment liabilities | <u>175,891</u> | <u>200,576</u> | <u>244,515</u> | <u>9,537</u> | <u>51,598</u> | <u>-</u> | <u>682,117</u> |
| OTHER INFORMATION | | | | | | | |
| Additions to non-current assets | 4,674 | 140 | 123 | 1,236 | - | - | 6,173 |
| Associates and joint ventures | - | 6,658 | - | 11,182 | - | - | 17,840 |
| Depreciation expenses | 6,318 | 457 | 1,255 | 801 | - | - | 8,831 |
| Loss in fair value of investment properties | 429 | 18,640 | - | - | - | - | 19,069 |
| Impairment loss on financial assets | 439 | 2,319 | 12 | 198 | - | - | 2,968 |
| Impairment loss on other non-current assets | (10) | - | - | - | - | - | (10) |

Geographical segments

| | Singapore | Myanmar | Cambodia | Other countries ⁽ⁱ⁾ | Total |
|----------------------|----------------|---------------|--------------|--------------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>FY2021</u> | | | | | |
| Revenue | <u>210,351</u> | <u>5,777</u> | <u>1,917</u> | <u>126</u> | <u>218,171</u> |
| Non-current assets | <u>280,015</u> | <u>2,129</u> | <u>159</u> | <u>11,698</u> | <u>294,001</u> |
| <u>FY2020</u> | | | | | |
| Revenue | <u>148,108</u> | <u>11,625</u> | <u>2,109</u> | <u>142</u> | <u>161,984</u> |
| Non-current assets | <u>317,144</u> | <u>3,340</u> | <u>199</u> | <u>14,178</u> | <u>334,861</u> |

(i) Includes Malaysia, Thailand and India

5. Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product and service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 4).

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

| | Group | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue from: | | | | |
| Construction | | | | |
| - Construction contracts | 86,879 | 57,671 | 164,217 | 105,024 |
| - Sale of goods | 4,071 | 6,465 | 11,422 | 10,498 |
| - Worker training and other services | 4,149 | 692 | 6,137 | 1,655 |
| | <u>95,099</u> | <u>64,828</u> | <u>181,776</u> | <u>117,177</u> |
| Real estate investment | | | | |
| - Rental of properties | 11,674 | 9,999 | 23,226 | 21,850 |
| Real estate development | | | | |
| - Rendering of service | 20 | 20 | 41 | 41 |
| - Sale of development properties | 669 | - | 1,374 | - |
| Distribution | | | | |
| - Sale of goods | 5,014 | 10,471 | 11,754 | 22,916 |
| | <u>112,476</u> | <u>85,318</u> | <u>218,171</u> | <u>161,984</u> |
| <u>Timing of revenue recognition</u> | | | | |
| At a point in time | 13,924 | 17,649 | 30,728 | 35,110 |
| Over time | 91,508 | 61,255 | 173,176 | 112,472 |

A breakdown of sales:

| | Group | | |
|--|----------------|----------------|------------------------------|
| | FY2021 | FY2020 | Increase / (Decrease) |
| | S\$'000 | S\$'000 | % |
| Sales reported for first half year | 105,695 | 76,666 | 37.9 |
| Operating loss after tax before deducting non-controlling interests reported for first half year | (17,132) | (25,622) | (33.1) |
| Sales reported for second half year | 112,476 | 85,318 | 31.8 |
| Operating loss after tax before deducting Non-controlling interest reported for second half year | (11,920) | (32,045) | (62.8) |

6. Other income

| | Group | | | |
|---|---------|---------|---------|---------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Rental income | 1,656 | 825 | 2,579 | 1,886 |
| Management fee | 197 | 118 | 442 | 456 |
| Interest income | 557 | 620 | 1,152 | 1,961 |
| Grant from government | 178 | 381 | 409 | 1,422 |
| Gain on disposal of property, plant and equipment | - | 4 | - | 12 |
| Reversal of regulatory payment | 1,588 | - | 1,588 | - |
| Reversal of impairment loss on development property | 834 | - | 834 | - |
| Reversal of impairment loss on other non-current | - | 16 | - | 10 |
| Overprovision for defect liabilities | 325 | - | 325 | - |
| Others | 633 | 399 | 1,520 | 942 |
| | 5,968 | 2,363 | 8,849 | 6,689 |

7. Loss before income tax

| | Group | | | |
|--|---------|---------|---------|---------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Loss before income tax for the period is stated after charging/ (crediting) the following: | | | | |
| Depreciation expenses | 3,264 | 4,858 | 7,151 | 8,831 |
| Impairment loss on financial assets | 994 | 2,917 | 1,137 | 2,968 |
| Loss in fair value of investment properties | 1,855 | 18,818 | 7,325 | 19,069 |
| Loss on disposal of investment properties | 2,768 | 580 | 2,768 | 580 |
| Foreign exchange loss | 1,784 | 1,966 | 1,171 | 1,255 |
| Impairment loss on property, plant and equipment | 1,000 | 284 | 1,000 | 284 |
| Impairment of goodwill | 836 | - | 836 | - |
| Impairment of associates and joint ventures | 426 | - | 426 | - |
| Property, plant and equipment written off | 1 | 69 | 1 | 69 |
| Impairment loss (Reversal of impairment loss) on other non-current assets | 1 | (16) | 1 | (10) |
| Interest income | (557) | (620) | (1,152) | (1,961) |
| Loss (Gain) on disposal of property, plant and equipment, net | 2 | (4) | 3 | (12) |

8. Income tax expense

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

| | Group | | | |
|---|---------|---------|---------|---------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Provision for taxation | | | | |
| - current year | (1,320) | (1,226) | (2,471) | (2,452) |
| - over (under) provision for prior year | 2 | (176) | 19 | (173) |
| | (1,318) | (1,402) | (2,452) | (2,625) |
| Deferred tax | 179 | 41 | 185 | 59 |
| | (1,139) | (1,361) | (2,267) | (2,566) |

9. Related company and related parties' transactions

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

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

Transactions with related parties during the interim financial periods were as follows:

| | Group | | | |
|--|----------------|----------------|----------------|----------------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Income from associates</u> | | | | |
| Construction revenue | 21 | 20 | 41 | 41 |
| Accounting and administrative services | 25 | 36 | 58 | 72 |
| <u>Income from joint ventures</u> | | | | |
| Interest income | 537 | 580 | 1,055 | 1,237 |
| Sale of goods | 890 | 228 | 964 | 3,214 |
| <u>Income from/(Expenses charged by) companies in which certain directors have control</u> | | | | |
| Sales and service of air-conditioners | 6 | 16 | 21 | 41 |
| Maintenance income | 8 | 11 | 8 | 11 |
| Management fee income | 192 | 192 | 384 | 384 |
| Rental income | 20 | 23 | 40 | 61 |
| Worker management services | 22 | (22) | (100) | (88) |
| Medical fee expense | (53) | (36) | (84) | (52) |
| Miscellaneous expenses | (27) | (53) | (38) | (64) |
| Dormitory rental expense | (337) | (205) | (486) | (314) |
| Interest expense | (400) | (264) | (668) | (527) |
| <u>Directors</u> | | | | |
| Interest expense | (189) | (189) | (375) | (375) |
| <u>Key management personnel</u> | | | | |
| Interest expense | (7) | (7) | (15) | (15) |

10. (a) Trade and other receivables

| | Group | | Company | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| | As at | As at | As at | As at |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Current</u> | | | | |
| Trade receivables | 42,741 | 36,973 | - | - |
| Other receivables | 8,339 | 16,118 | 32,744 | 30,026 |
| | 51,080 | 53,091 | 32,744 | 30,026 |
| <u>Non-current</u> | | | | |
| Other receivables | 50,518 | 47,607 | 95,016 | 97,497 |
| | 101,598 | 100,698 | 127,760 | 127,523 |

10. (a) Trade and other receivables - continued

Trade receivables

Credit periods generally range from 30 to 120 days (31 December 2020: 30 to 120 days). No interest is charged on overdue trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

Other receivables

Interest is charged at 2.0% to 3.5% (31 December 2020: 2.0% to 6.8%) per annum by the Group and Company on other receivables due from certain associates, joint ventures and subsidiaries.

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

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

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

(b) Contract assets

| | Group | |
|---|------------------------------|------------------------------|
| | As at 31 Dec 2021 | As at 31 Dec 2020 |
| | S\$'000 | S\$'000 |
| <u>Retention monies on contract work:</u> | | |
| Third parties | 22,632 | 17,114 |
| <u>Accrued income:</u> | | |
| Construction contract customers | 9,513 | 15,583 |
| | <u>32,145</u> | <u>32,697</u> |

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance - related milestones. The Group had previously recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The changes in contract assets in the interim financial period and prior year are mainly due to changes in measurement of progress contract asset which have not been billed as at 31 December 2021 and variable consideration arising from delays in construction progress.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due and no loss allowance is recognised as the credit loss rate is assessed as negligible.

11. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$2,197,000 (31 December 2020: S\$6,173,000) and disposed of assets amounting to S\$1,198,000 (31 December 2020: S\$259,000).

12. Investment properties

| | Group | |
|--|-------------|-------------|
| | As at | As at |
| | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 |
| <u>At fair value</u> | | |
| Balance at beginning of the financial year | 213,560 | 235,159 |
| Property reclassified as held for sale | (4,935) | - |
| Disposal during the year | (19,820) | (2,530) |
| Changes in fair value included in profit or loss | (7,325) | (19,069) |
| Balance at end of the financial year | 181,480 | 213,560 |

The fair values of the Group's investment properties have been determined based on the formal and desktop valuations conducted on 31 December 2020 and 31 December 2021 respectively by independent qualified valuers. The valuations were arrived at (i) by reference to market evidence of transacted prices per square meter in the open market for comparable properties, adjusted for differences such as location, age and size; and (ii) income capitalisation method.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. Fair value measurements of the Group's investment properties are classified as Level 3 in the fair value hierarchy.

13. Borrowings

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | As at | As at | As at | As at |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Amount repayable within one year or on demand</u> | | | | |
| Secured | 197,028 | 197,155 | 5,000 | 5,000 |
| Unsecured | 3,093 | 3,203 | 80 | - |
| | 200,121 | 200,358 | 5,080 | 5,000 |
| <u>Amount repayable after one year</u> | | | | |
| Secured | 141,609 | 174,298 | 5,000 | 7,500 |
| Unsecured | 9,670 | 6,245 | - | - |
| | 151,279 | 180,543 | 5,000 | 7,500 |
| Total borrowings | 351,400 | 380,901 | 10,080 | 12,500 |

13. Borrowings - continued

Details of any collateral

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

Covenants

A subsidiary of the Company had not complied with financial covenants on bank loans amounting to S\$3.9 million (31 December 2020: S\$15.6 million). One off waiver had been obtained from the bank for the financial year ended 31 December 2021. The bank reserves the right to recall the loans. Management is of the view that the bank will not exercise its right to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group.

14. Share capital

| | Group and Company | | | |
|------------------------------------|----------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 31 Dec 2021 | As at 31 Dec 2020 | As at 31 Dec 2021 | As at 31 Dec 2020 |
| | Number of ordinary shares | | S\$'000 | S\$'000 |
| Issued and paid up: | | | | |
| At beginning and end of the period | 518,068,220 | 518,068,220 | 154,189 | 154,189 |

- During the financial year ended 31 December 2021, there was no change in the Company's share capital.
- As at 31 December 2021, total issued share capital of the Company was 518,068,220 (31 December 2020: 518,068,220) ordinary shares.
- As at the end of 31 December 2021, the Company does not have any outstanding treasury shares (31 December 2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 2021.
- As at 31 December 2021, there were no outstanding convertibles (31 December 2020: Nil).
- There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2021 (31 December 2020: Nil).

15. Reserves

| | Group | | Company | |
|------------------|--------------------|--------------------|--------------------|--------------------|
| | As at | As at | As at | As at |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Capital reserve | 644 | 644 | - | - |
| Warrants reserve | 31 | 31 | 31 | 31 |
| | <u>675</u> | <u>675</u> | <u>31</u> | <u>31</u> |

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

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

The total number of outstanding warrants as at 31 December 2021 was 120,567,589 (31 December 2020: 120,567,589).

16. Loss per share

| | Group | | | |
|---|---------------|---------------|---------------|---------------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| Loss per ordinary share based on weighted average number of shares (in cents) | (2.2) | (5.4) | (5.6) | (10.8) |
| Loss per ordinary share based on a fully diluted basis (in cents) | (2.2) | (5.4) | (5.6) | (10.8) |
| Weighted average number of ordinary shares (in millions) | 518.1 | 518.1 | 518.1 | 518.1 |

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

17. Net asset value per share

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | As at | As at | As at | As at |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Net asset value per ordinary share issued (in cents) | 14.7 | 20.6 | 23.5 | 26.7 |

Net asset value per ordinary share as at 31 December 2021 and 2020 are calculated based on the number of ordinary shares in issue of 518,068,220.

18. Financial assets and financial liabilities

Set out is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 2020:

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 31 Dec 2021 | As at 31 Dec 2020 | As at 31 Dec 2021 | As at 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial Assets | | | | |
| Financial assets at amortised cost | 170,034 | 156,614 | 127,885 | 127,555 |
| Financial Liabilities | | | | |
| Financial liabilities at amortised cost | 572,228 | 572,437 | 85,578 | 67,276 |
| Lease liabilities | 2,487 | 2,935 | - | - |

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

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

F. Other information required by Listing Rule Appendix 7.2

1. Review

The unaudited condensed interim consolidated statement of financial position of TA Corporation Ltd and its subsidiaries as at 31 December 2021 and the related unaudited condensed interim consolidated profit or loss and other comprehensive income, unaudited condensed interim consolidated statement of changes in equity and unaudited condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

2H2021 vs 2H2020

The Group's revenue for 2H2021 was S\$112.5 million, an increase of S\$27.2 million compared to S\$85.3 million in 2H2020.

Construction segment recorded revenue of S\$95.1 million for 2H2021, an increase of S\$30.3 million compared to S\$64.8 million for 2H2020 due to higher revenue recognised from progressive construction work for projects.

Real estate investment segment recorded revenue of S\$11.7 million for 2H2021, an increase of S\$1.7 million compared to S\$10.0 million for 2H2020 mainly due to improvement in bed rate for Tuas South Dormitory compared with 2H2020.

Real Estate development segment recorded revenue of S\$0.7 million for 2H2021, an increase of S\$0.6 million compared to S\$0.1 million for 2H2020 due to revenue recognised on overseas property development when legal titles pass to buyers.

Distribution segment recorded revenue of S\$5.0 million for 2H2021, a decrease of S\$5.5 million compared to S\$10.5 million for 2H2020 due to lower revenue contribution from lubricant business in Myanmar.

Other income increased by S\$3.6 million to S\$6.0 million in 2H2021 compared to S\$2.4 million in 2H2020. The increase was mainly due to the increase in occupancy rate and room rate for service apartments, reversal of regulatory payment and reversal of impairment loss on development property.

General and administrative expenses decreased by S\$1.2 million to S\$8.9 million for 2H2021 compared to S\$10.1 million for 2H2020 mainly due to the absence of reclassification of costs incurred for suspension of projects during the circuit breaker period.

Other operating expenses decreased by S\$17.3 million to S\$12.3 million for 2H2021 compared to S\$29.6 million for 2H2020 due mainly to lower impairment loss on investment properties and depreciation expenses.

Impairment loss on financial assets decreased by S\$1.9 million to S\$1.0 million in 2H2021 compared to S\$2.9 million in 2H2020 mainly due to lower impairment loss recognised on trade receivables and amount due from associates and joint ventures.

The share of loss, net of tax of associates and joint ventures increased by S\$1.0 million to S\$1.2 million in 2H2021 compared to S\$0.2 million in 2H2020 mainly due to share of loss from joint ventures in Myanmar.

Finance costs increased by S\$1.2 million to S\$6.1 million for 2H2021 compared to S\$4.9 million for 2H2020 mainly due to higher interest on borrowing of the development projects as compared with previous corresponding period.

The Group recorded loss before income tax of S\$10.8 million for 2H2021, a decrease of S\$19.9 million compared to loss before income tax of S\$30.7 million for 2H2020.

2. Review of performance of the Group - continued

FY2021 vs FY2020

The Group's revenue for FY2021 was S\$218.2 million, an increase of S\$56.2 million compared to S\$162.0 million in FY2020.

Construction segment recorded revenue of S\$181.8 million for FY2021, an increase of S\$64.6 million compared to S\$117.2 million for FY2020 due to higher revenue recognised from progressive construction work for projects.

Real estate investment segment recorded revenue of S\$23.2 million for FY2021, an increase of S\$1.3 million compared to S\$21.9 million for FY2020 mainly due to improvement in bed rate for Tuas South Dormitory.

Real Estate development segment recorded revenue of S\$1.4 million for FY2021, an increase of S\$1.3 million compared to S\$0.1 million for FY2020 due to revenue recognised on overseas property development when legal titles pass to buyers.

Distribution segment recorded revenue of S\$11.8 million for FY2021, a decrease of S\$11.1 million compared to S\$22.9 million for FY2020 due to lower revenue contribution from lubricant business in Myanmar.

Other income increased by S\$2.1 million to S\$8.8 million in FY2021 compared to S\$6.7 million in FY2020. The increase was mainly due to an increase in occupancy rate and room rate for service apartments, reversal of regulatory payment and reversal of impairment loss on development property. The increase was partially offset by the decrease in interest income from joint ventures and reduction in grant provided by the government.

General and administrative expenses decreased by S\$3.0 million to S\$18.0 million for FY2021 compared to S\$21.0 million for FY2020 mainly due to the absence of reclassification of costs incurred for suspension of projects during the circuit breaker period.

Other operating expenses decreased by S\$11.8 million to S\$21.8 million in FY2021 compared to S\$33.6 million in FY2020. These were mainly due to lower impairment loss on investment properties and depreciation expenses.

Impairment loss on financial assets decreased by S\$1.9 million to S\$1.1 million in FY2021 compared to S\$3.0 million in FY2020 mainly due to lower impairment loss recognised on trade receivables, amount due from associates and joint ventures.

The share of loss, net of tax of associates and joint ventures of S\$2.2 million in FY2021 mainly due to share of loss from joint ventures in Myanmar.

Finance costs decreased by S\$1.2 million to S\$11.1 million in FY2021 compared to S\$12.3 million in FY2020 mainly due to lower interest rates on borrowings and lower borrowings as compared to FY2020.

The Group recorded loss before income tax of S\$26.8 million for FY2021, a decrease of S\$28.3 million compared to loss before income tax of S\$55.1 million for FY2020.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follows:

- i) increase in current and non-current trade and other receivables by S\$0.9 million was mainly due to working capital advances provided to a joint venture undertaking a property development project at Mattar Road and interest charged on working capital advances to associates and joint venture.
- ii) decrease in inventories by S\$2.9 million was mainly due to a decrease in inventory held for trading in distribution segment following the coup in Myanmar.
- iii) decrease in contract assets by S\$0.5 million was mainly due to timing difference between construction costs incurred and revenue recognised from construction contracts. The decrease was partially offset by increase in retention receivables held by contract customers.
- iv) increase in development properties by S\$18.4 million was mainly due to development cost incurred for on-going projects.

2. Review of performance of the Group – continued

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

- v) increase in asset classified as held for sales was reclassified from investment properties due to management being committed to sell the property within the next 12 months.
- vi) decrease in property, plant and equipment by S\$7.2 million was mainly due to depreciation charged for the year and impairment loss on property.
- vii) decrease in investment properties by S\$32.1 million due mainly to disposal of basement units at New World Centre with carrying value of S\$19.8, loss in fair value amounted to S\$7.3 million and reclassification of an investment property to held for sales amounting to S\$4.9 million.
- viii) decrease in associates and joint ventures by S\$3.7 million due mainly to share of loss from joint ventures in Myanmar.
- ix) decrease in current and non-current borrowings by S\$29.5 million was mainly due to repayment of borrowings.
- x) increase in current and non-current trade and other payables by S\$24.2 million was mainly due to increase of amount due to subcontractors and suppliers and loan from a company in which certain directors have control.
- xi) increase in contract liabilities by S\$22.1 million was mainly due to higher cumulative progress billings for sold units of an overseas development property of which revenue will be recognised when legal title passes to buyers.

Cash and cash equivalents increased by S\$8.8 million in FY2021 mainly due to higher trade and other payables of S\$13.9 million, proceeds from disposal of investment property S\$17.0 million, increase in contract liabilities of S\$17.2 million, loan from a company in which certain directors have control of S\$10.0 million, repayment from associates and joint venture of S\$5.0 million and increase in inventories of S\$3.0. These were partially offset by net repayment on borrowing of S\$25.4 million, increase property development costs incurred of S\$11.7 million and interest repayment of S\$12.8 million and higher trade and other receivables of S\$7.4 million.

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

The Company has not made any forecast or prospect statement for the year ended 31 December 2021 previously.

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

Ministry of Trade and Industry (“MTI”) announced on 3 January 2022, the construction sector grew by 2.0 per cent on a year-on-year basis in the fourth quarter of 2021, slower than the 66.3 per cent growth in the preceding quarter¹. In absolute terms, the value-added of the sector remained 26.0 per cent below its pre-COVID (i.e., fourth quarter of 2019) level, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 4.4 per cent in the fourth quarter, a reversal from the 4.9 per cent growth in the previous quarter.

According to URA report released on 26 January 2022, The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion. The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021. Given the latest property cooling measures, residential building demand is anticipated to moderate year-on-year amid more cautious market sentiments.

The Group expects the outlook for its construction segment to remain very challenging impacted by supply chain disruptions, labour shortages, and higher material and manpower costs.

¹The strong growth of the sector in the third quarter of 2021 was mainly due to low base effects given the slow resumption of construction activities after the Circuit Breaker last year.

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

Despite the improved bed rate, the Group's dormitory business is expected to continue to be challenging due to impending implementation of Safe Living Measures ("SLM") which may see reduction of its capacity if the SLM is implemented. This segment was already hit by COVID-19 border control measures imposed by Singapore government restricting new migrant workers coming into Singapore which had impacted the occupancy and bed rate.

According to URA report released on 3 January 2022, the private residential property index increased by 8.3 points from 165.3 points in 3rd Quarter 2021 to 173.6 points in 4th Quarter 2021. This represents an increase of 5.0%, compared to the 1.1% increase in the previous quarter. For the whole of 2021, prices increased by 10.6%, compared to the 2.2% increase in 2020.

The Group's overseas property developments comprising Phase 1 development project in Thailand and The Gateway in Cambodia are both substantially completed in FY2021. The Group will recognise revenue from these projects upon the transfer of title to buyers as the Group adopted point in time accounting principle in recognising its overseas property development projects.

For the Construction segment, the Group remains focused on executing its order book of S\$238.8 million as at 31 December 2021 to be delivered progressively over the next two years.

The Group remains financially prudent and maintains operational agility to conserve essential resources. The Group will continue to tender for construction projects to replenish its order book.

5. Dividend information

(a) Current Financial Period Reported On

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

(b) Corresponding period of the Immediately Preceding Financial Year

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

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

No dividend for the financial year ended 31 December 2021 (31 December 2020: Nil) is recommended as the Group intends to conserve cash.

6. Interested person transactions

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

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

| Name of Interested person and nature of transaction | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920) | | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000) | |
|---|---|--|-------------------|---|-------------------|
| | | 2H2021 S\$'000 | FY2021 S\$'000 | 2H2021 S\$'000 | FY2021 S\$'000 |
| <u>Prestige Resources Pte Ltd</u> Management service | Associate of directors - Liong Kiam Teck ("LKT"), Neo Tiam Boon ("NTB"), Neo Tiam Poon @ Neo Thiam Poon ("NTP"), and Neo Thiam An ("NTA") | 271 | 504 | N.A. | N.A. |
| <u>TAC Alliance Pte. Ltd.</u> Management service | Associate of directors - LKT, NTB, NTP and NTA | 164 | 338 | N.A. | N.A. |
| <u>Sinotac Group Pte. Ltd</u> Loan interest from a company in which certain directors have control | Associate of directors - LKT, NTB, NTP and NTA | 134 | 143 | N.A. | N.A. |
| Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | | 266 | 525 | N.A. | N.A. |
| <u>Neo Tiam Boon</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | Director and his spouse | 84 | 166 | N.A. | N.A. |
| <u>Liong Kiam Teck</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | Director | 68 | 135 | N.A. | N.A. |
| <u>Neo Thiam Poon</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | Director | 22 | 44 | N.A. | N.A. |

6. Interested person transactions - continued

| Name of Interested person and nature of transaction | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920) | | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000) | |
|--|------------------------|--|-------------------|---|-------------------|
| | | 2H2021 S\$'000 | FY2021 S\$'000 | 2H2021 S\$'000 | FY2021 S\$'000 |
| <u>Neo Bee Lan</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | Director's siblings | 8 | 15 | N.A. | N.A. |
| <u>Lee Hua Yong</u> Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes | Director's spouse | 8 | 15 | N.A. | N.A. |

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

We confirm that the Company has procured undertakings from all its directors and the executive officer based on the latest revised format set out in Appendix 7.7 under Rule 720(1).

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|-----------------------|-----|---|---|---|
| Neo Kian Lee | 61 | Sibling to Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An | Site Manager in charge of the properties operation of Sino Holdings (S'pore) Pte Ltd since January 1983. | N.A. |
| Liong Chai Yin, Fiona | 42 | Daughter of Liong Kiam Teck and niece of Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An | Manager (Marketing/ Business development (Overseas)), in charge of the marketing and project-related aspects of our real estate development division and the sourcing for real estate development and construction opportunities since year 2002. | N.A. |

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|-------------------------|------------|---|---|--|
| Liong Cailin, Wendy | 39 | Daughter of Liong Kiam Teck and niece of Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An | General Manager (Business development), in charge of sourcing and assessing the viability of potential development in Singapore and assisting the Board in assessing the viability of business opportunities. | N.A. |
| Liew Yit Chung, Timothy | 44 | Son-in-law of Liong Kiam Teck, Nephew in-law of Neo Tiam Boon, Neow Thiam An and Neo Tiam Poon @ Neo Thiam Poon | Director of TA Builders Pte. Ltd., TK Modular Pte. Ltd., TK Modular Sdn. Bhd. and Maju Modular Sdn. Bhd. He is also Strategic Assistance (CEO's office) of Tiong Aik Construction Pte. Ltd. | N.A. |

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

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the financial year ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Foo Soon Soo / Yap Ming Choo

Company Secretaries
01 March 2022