



TA CORPORATION LTD



WORKING TOWARDS **A PERFECT BALANCE**

2014 ANNUAL REPORT

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

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.



CORPORATE PROFILE

ABOUT TA CORPORATION

With a history that can be traced back to 1972, TA Corporation is an established property and construction group, with a growing suite of businesses in distribution as well as the provision of workers training and accommodation in Singapore and across the region.

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* and *Coralis*, and major ongoing development projects include *Terra Villas*, *Ascent @ 456*, *The Cristallo* and *Gambir Ridge*. The Group has also successfully ventured overseas through joint-ventures in the PRC, Thailand, Cambodia and Myanmar.

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.

Since 2012, TA Corporation has also ventured into the distribution of high performance motor oil and lubricants in Singapore; and subsequently penetrated the Myanmar market in 2013 for the distribution of automotive, industrial and aviation lubricants, as well as passenger and light truck tyres.

To further strengthen its recurring income base, the Group is expanding its workers' dormitory business in Singapore and is expected to add another 9,200 beds to its portfolio by 2016. The Group is also setting-up a pre-cast concrete manufacturing plant in Johore, Malaysia, which is expected to be operational by 2016.

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



CHAIRMAN'S STATEMENT

"...our well-established property, construction and distribution business units continued to rely on their strong fundamentals and network to generate stable returns for the Group."

"Moving forward, the Group will continue to rely on and build on TA Corporation's distinctive strengths in property development and construction; and progressively scale-up the performance and capabilities of our distribution and accommodation business units."



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, 2014 ("FY2014").

Looking back at 2014, I am pleased to report that we continued to execute our growth strategies in Singapore and the neighbouring regions while managing the impact of the weakening property market in Singapore on the Group's operations.

PERFORMANCE REVIEW

For FY2014, net profit after tax decreased by 31.7% to \$21.7 million on a 1.9% growth in revenue to \$302.9 million. While the slowdown in the Singapore property market affected our performance, our well-established property, construction and distribution business units continued to rely on their strong fundamentals and network to generate stable returns for the Group.

We also improved our financial position, achieving strong growth in operating cash flow, resulting in a healthy cash balance of \$116.8 million as at the end of the financial year. The Group's gearing was 1.4 times as at December 31, 2014, compared to 0.8 time as at December 31, 2013.

The Group was also successful on the financing front as we completed the issuance of \$75 million 5.25% notes due October 2016 under our \$150 million multicurrency medium term note programme. The proceeds raised will be used to support our corporate funding, investments as well as other capital expenditure requirements.

DIVIDENDS

To reward shareholders for their continued support for TA Corporation, the Board of Directors is pleased to recommend a final dividend of 1.0 cent per share for FY2014. This represents a dividend payout of 21.4% of the full-year profits.

LOOKING BACK AT 2014

PROPERTY DEVELOPMENT

FY2014 saw our continued pursuit of new property development opportunities in Singapore and across the neighbouring region.

In Singapore, we have three ongoing real estate development projects:

- *The Cristallo*, a 74-unit freehold condominium at Telok Kurau Road;
- *Ascent @ 456*, a 45-unit freehold residential and commercial mixed development at Balestier Road; and
- *Terra Villas*, which comprises 7 units of 3-storey strata-titled terrace houses at Kembangan.



While the soft property market affected the pace at which properties are sold, we are encouraged that our strong reputation as a developer of quality homes has continued to generate demand for our properties from homebuyers. *The Cristallo* is near fully-sold with 12 units remaining. *Ascent @ 456*, our newest residential and commercial mixed development in Singapore that was launched in the first quarter of 2014, is approximately 38% sold as at the end of 2014. The Group is also closely monitoring market sentiments, and will launch our *Terra Villas* development at an appropriate time.

With close to two decades experience in real estate development in Singapore, we have also over the years expanded into regional markets by forging strategic alliances with local partners. For our property development business, we have to-date established a foothold in three Asian countries, namely PRC, Cambodia and Thailand.

Our maiden joint-venture property development project, the 65-unit *De Iyara* mixed-development in Thailand, met with strong market response upon its launch in 2012, being fully sold-out within three weeks of launch. We are pleased to update that a substantial portion of the units have been delivered to buyers, translating into revenue of \$12.0 million for the Group in FY2014. We have since launched two additional mixed developments – the 42-unit *De Iyara Share*, and the 72-unit *De Iyara Grande*. Both projects are located in Pathum Thani, a provincial town situated approximately 50km from Thailand's capital city, and which is also part of the Bangkok metropolis. Both *De Iyara Share* and *De Iyara Grande* have also seen positive response from the market. As at the end of 2014, *De Iyara Share* is fully-sold and *De Iyara Grande* is currently 55.6% sold with 32 units remaining.

Our other ongoing regional joint venture projects include in 25.37% equity in a township project located in Dalian City, the PRC as well as a 49%-owned associate involved in the development of 21 semi-detached villas in Phnom Penh, Cambodia.

Back in Singapore, the development of our 25% equity stake joint-venture development – *The Skywoods* – a 420-unit luxury condominium in Dairy Farm Estate is also progressing well, and is slated for vacant possession by December 31, 2016.

In addition, we currently hold a 1,918 sq m freehold plot located at Shan Road in Singapore, which we plan to develop into residential apartments in the future. The Group has also invested through joint ventures in two well-located freehold land plots in Phnom Penh, Cambodia, of 6,071 sq m and 20,515 sq m respectively.

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 the neighbouring regions.

CONSTRUCTION

Our construction operations continue to be one of TA Corporation's key pillars of business. Tiong Aik Construction – our wholly-owned construction business unit – is amongst the leading construction companies in Singapore, with a strong track record of delivering successful projects for government bodies such as the URA, HDB and JTC as well as major private developers.

CHAIRMAN'S STATEMENT

While construction demand from the private residential sector eased further during the year under review in tandem with a soft private property market, we were able to end the year with a robust construction order book of \$336.2 million, which was backed by the award of a \$174.4 million contract for a condominium development in Singapore.

Leveraging on the industry's growing demand for precast components, we kick-started the establishment of the Group's first pre-cast concrete manufacturing plant in Johore, Malaysia. The facility is expected to be operational in 2016.

DISTRIBUTION

Our distribution business in Singapore and Myanmar is gradually growing into a key pillar of business, providing the Group with a stable source of recurring income.

Following our foray into the distribution of high performance motor oils and lubricants in Singapore through the acquisition of Sino Tac Resources in 2012, we expanded the distribution business into Myanmar in 2013 via the establishment of Que Holdings Pte. Ltd., ("Que Holdings") a 51:49 joint-venture formed with a Myanmar partner. Que Holdings currently holds the 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.

BREAKING NEW GROUND: WORKERS' DORMITORY

In FY2014, the Group successfully won the tender for a 9,200-bed worker accommodation facility in Singapore through a joint venture with two strategic partners. The development of the dormitory is well underway with completion slated for 2016. When operational, the dormitory is slated to be one of the largest purpose-built workers' accommodation facilities in Singapore, catering to foreign workers in the marine, process, manufacturing and construction industries.

Our strategic expansion of the Group's accommodation business is backed by a prevailing shortage and sustained demand for quality purpose-built workers accommodation. We are confident that we will be able to manage and grow this business to be another recurring revenue driver for the Group in the near future.



LOOKING AHEAD

While uncertainties linger over the near-term outlook of the domestic property market, we believe that the Group is well-positioned for any challenges and opportunities that await us in the new year.

Moving forward, the Group will continue to rely on and build on TA Corporation's distinctive strengths in property development and construction; and progressively scale-up the performance and capabilities of our distribution and accommodation business units.

On the geographical front, we will continue to pursue business growth in Southeast Asia, particularly in Singapore, Myanmar, Thailand and Cambodia where TA Corporation has an established presence. But the Group remains open to new markets and will selectively explore them when opportune.

In closing, on behalf of the Board of Directors, I would like to take this opportunity to extend my sincere appreciation to our business partners, associates and shareholders for their unwavering support. At the same time, I must also acknowledge the hard work, commitment and dedication of our management team and staff.

Looking ahead, I believe that with the support of all our valued stakeholders, we are well-placed to scale new and greater heights for TA Corporation! Thank you.

LIONG KIAM TECK

Executive Chairman

March 26, 2015



OPERATIONS REVIEW

The private residential market in Singapore experienced further slowdown in 2014 as persistent downward pressure on private residential property prices and weak take-up rates continued to pose challenges for property developers. On the construction front, while demand from the private sector remained stable at approximately \$18.7 billion in 2014¹, mounting operational and cost challenges over manpower constraints, high foreign worker levies and intensifying market competition limited the growth prospects and profitability for industry players.

While the subdued operating environment had affected the Group's efforts to record growth for its core property and construction operations, we achieved a resilient financial performance for the financial year ended December 31, 2014 ("FY2014"), reporting a net profit after tax of \$21.7 million on revenue of \$302.9 million.

CONSTRUCTION

Notwithstanding an increasingly competitive business environment, our construction business delivered a credible performance in FY2014, contributing \$212.4 million to the Group's revenue, compared to \$220.9 million a year ago ("FY2013"). This unit remains the Group's largest revenue contributor, accounting for approximately 70.1% of overall revenue during the year under review. The Group is involved in the construction of several private residential developments, including *Riversails*, *The Skywoods*, *Marine Blue*, *Highline Residences*, *Foresque Residences*, *Nouvel 18* and *The Sorrento*.

Our construction segment is also successful in replenishing its order book, securing a \$174.4 million construction contract for a condominium development at Kim Tian Road. Construction work for this project commenced in 3Q2014, and is slated for completion by December 2017. With the latest project win, the total value of the Group's construction order book stood at approximately \$336.2 million as at December 31, 2014, to be progressively delivered over the next three years.

As developers may adopt a cautious approach amid a slowdown in private home sales and global uncertainties, the Building and Construction Authority of Singapore has guided that private residential construction demand is expected to moderate from \$18 billion in 2014 to around \$11.0 billion to \$15.0 billion in 2015².

However, the Group remains confident about our construction segment's performance in light of our strong order book and continued efforts to raise productivity and manage costs. We will continue to leverage on TA Corporation's established track record and strong working relationships with our blue-chip clientele for new business opportunities.

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

² Public sector projects to sustain construction demand in 2015, Building & Construction Authority of Singapore, January 8, 2015 (http://www.bca.gov.sg/Newsroom/pr08012015_BCA.html)



OPERATIONS REVIEW



Our construction capabilities also includes a suite of growing specialised construction-related products and services that presently include the design, installation and maintenance of air conditioning and mechanical ventilation (“ACMV”) systems as well as the operation of BCA-endorsed workers training and test centres in countries such as Singapore, the Philippines and India. Both the ACMV and workers training businesses have been growing steadily, achieving an aggregate turnover of \$16.8 million in FY2014.

To support the construction industry’s growing usage of pre-cast components, the Group is also in the process of establishing a pre-cast concrete manufacturing plant in Johore, Malaysia, which is slated to commence production in 2016.

REAL ESTATE DEVELOPMENT

The Group’s real estate development segment recorded a 13.6% jump in revenue to \$75.2 million for FY2014, from \$66.2 million for FY2013. This unit’s improved performance was backed by higher revenue contributions from two major ongoing private residential developments: *The Cristallo* and *Gambir Ridge*. In 2014, the Group also recorded first-time contributions of \$12.0 million from its Thailand operations, arising from the completion and delivery of a substantial portion of the 65 mixed-development units at its maiden project in Thailand – *De Iyara*.

During the year, the Group commenced the development of two new private residential developments in Singapore, which include *Ascent @ 456* – a 12-storey, 45-unit commercial and residential mixed-use development and *Terra Villas* which will comprise seven units of 3-storey strata-titled terrace houses. For *Terra Villas*, the Group intends to launch the project at an appropriate timing in view of the current market weaknesses.

In view of the soft property market in Singapore, the Group is adopting a more selective approach in the replenishment of our land bank and the launch of new property projects. The Group’s future development pipeline currently includes a 1,918 sq m freehold private residential site at Shan Road in Novena. The Group is closely monitoring market sentiments, and will launch this project when the operating environment is more conducive.

THAILAND, PRC & CAMBODIA

In Thailand, the developmental and sales progress of the Group’s ongoing projects have remained relatively unscathed despite the political unrest in 2014. During the year, following the strong response to its two earlier joint-



venture projects – *De Iyara* and *De Iyara Share* – the Group launched its third joint-venture project – *De Iyara Grande* – in 2014. A mixed-development comprising 72 units of 3½ storey units, *De Iyara Grande* is TA Corporation’s largest real estate project in Thailand to-date. This project is currently 55.6% sold, with only 32 units remaining.

In China, the Group’s 25.37%-owned township project in Dalian City – *Singapore Gardens* – is expected to complete the development of its seventh residential phase in 2015. Notwithstanding the slowdown in China’s housing market, this project has seen healthy demand from home seekers and investors, selling over 78.4% of its 2,949 available units. The final phase of this development, which comprises commercial properties, a shopping complex and hotels, is currently marked for future development.

The Group also sees strong growth opportunities in Cambodia, particularly in the capital city of Phnom Penh, which is also the largest economic zone in Cambodia. TA Corporation’s investments in Phnom Penh includes a 49% equity stake in *Serene Villas*, which comprises 21 units of semi-detached villas at a prime location in Phnom Penh; a 6,071 sq m plot of freehold land in Khan Toul Kork; and a 20,515 sq m freehold plot in Khan Poarsen Chey.

DISTRIBUTION BUSINESS

The Group’s distribution businesses are primarily carried out through its wholly-owned subsidiaries in Singapore – Sino Tac Resources Pte Ltd (“Sino Tac”) and the 51%-owned joint-venture unit – Que Holdings Pte Ltd (“Que Holdings”).

Since becoming a subsidiary of TA Corporation in September 2012, Sino Tac, which is the exclusive distributor of BP’s lubricant products in Singapore, has been a source of recurring income for the Group. The Group also successfully penetrated the Myanmar market in 2013 via the establishment of Que Holdings, which holds the distributorship of Shell’s automotive, industrial and aviation lubricant products in Myanmar.

Revenue from the distribution business surged 50.0% to \$15.3 million in FY2014, accounting for approximately 5.1% of Group revenue. While it is currently the smallest revenue generator, the distribution business is a fast growing unit within the Group. Its Myanmar operations, which started off with just the B2B distribution rights in 2013, secured an extension of its distribution rights to the business-to-consumer (B2C) sector within the year. In 2014, Que Holdings made further progress in Myanmar by winning the distributorship from Shell for aviation lubricant products as well as the distribution rights for the ‘Continental’ brand of passenger & light truck tyres.

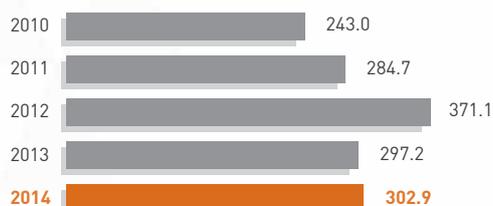
COMPLEMENTARY COMPETENCIES FOR CONSTRUCTION

To complement its core capabilities in construction, Credence Engineering Pte. Ltd., which has been a part of the Group since 1992, is involved in the fabrication of metal frameworks, management of the Group’s construction machinery and erection of building structural steels.

FINANCIAL HIGHLIGHTS

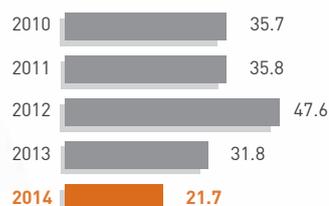
GROUP REVENUE¹

(\$'MILLION)



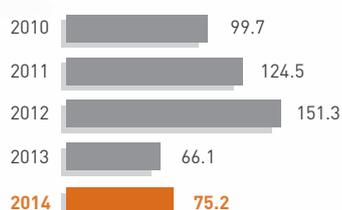
PROFIT AFTER TAX¹

(\$'MILLION)



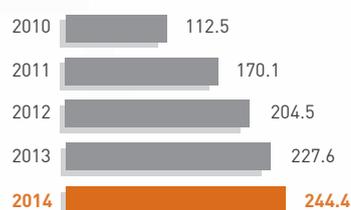
REAL ESTATE DEVELOPMENT¹

(\$'MILLION)



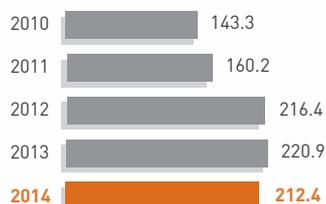
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY¹

(\$'MILLION)



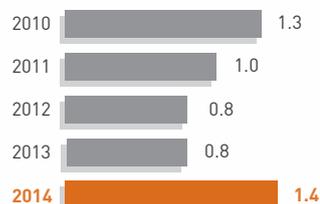
CONSTRUCTION

(\$'MILLION)



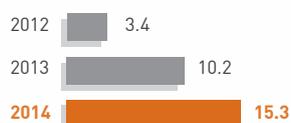
GEARING RATIO¹

(TIMES)



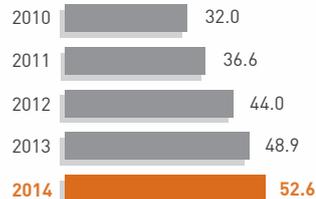
DISTRIBUTION

(\$'MILLION)



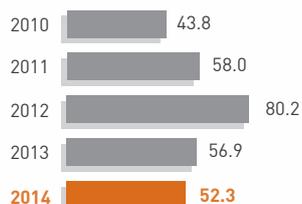
NET ASSET VALUE PER SHARE²

(CENTS)



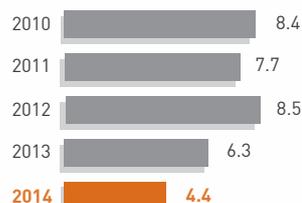
GROSS PROFIT¹

(\$'MILLION)



EARNINGS PER SHARE³

(CENTS)



¹ 2010 have been restated as a result of adopting INT FRS 115

² Based on issued share capital of 465,000,000 shares for 2014, 2013, 2012 & 2011; and based on pre-invitation share capital of 352,000,000 shares for 2010

³ Based on weighted average number of 465,000,000 shares for 2014, 2013 and 2012 and 361,400,000 shares for 2011; and based on pre-invitation share capital of 352,000,000 shares for 2010

BOARD OF DIRECTORS



1 MR LIONG KIAM TECK is the Executive Chairman of our Group. He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 24 April 2013. 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.

2 MR NEO TIAM POON @ NEO THIAM POON is the Deputy Executive Chairman of our Group. 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, and sources for real estate development opportunities, and conducts feasibility studies for project development viabilities. Mr Neo Tiam Poon @ Neo Thiam Poon has been with us since 1976 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 1973.

3 MR NEO TIAM BOON, PBM is the Chief Executive Officer and Executive Director of our Group. He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 24 April 2012. 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 17 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.

4 MR NEO THIAM AN is the Executive Director of our Group. He was appointed to the Board on 7 March 2011 and was last re-elected as Director on 24 April 2013. 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



5



6



7

5 MR LIM HOCK BENG 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 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.

6 MR LEE AH FONG was appointed as the Group's Independent Director on 20 September 2011 and was last re-elected as Director on 24 April 2012. 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 is also an independent director, member of audit committees and remuneration committees as well as chairman of nominating committees of two other public listed companies in Singapore, namely Cortina Holdings Ltd and TEE International Limited.

7 MR MERVYN GOH BIN GUAN 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.

CORPORATE SOCIAL RESPONSIBILITY

CONTRIBUTING TO SUSTAINABLE GROWTH

As a leading property and construction group, TA Corporation is committed to integrating environment and corporate sustainability in our business practices. We believe in building a greener future by minimising our impact on, and helping to protect the environment. Our Group has embarked on environmental sustainability efforts through a multi-pronged approach. We have implemented an environmental management system to identify and manage environmental aspects, including energy and water usage and conservation, as well as paper usage. These aspects are managed by establishing reduction targets and implementing programs to achieve these targets.

Our Group actively monitors the energy and water usage at our construction sites. To enhance energy efficiency and reduce wastage, we have implemented various energy conservation measures such as installing energy-efficient lighting and light sensors at site toilets. Further, air-conditioning for our projects under construction and our corporate offices in Singapore also takes into consideration energy efficiency, giving preference to equipment with the Energy Star logo when making new office equipment purchases. Our Group has also implemented water conservation measures such as the use of recycled water for general cleaning purpose. Water-saving devices such as water thimbles are also installed in our project sites and corporate offices in Singapore where possible. We also embarked on a paper usage reduction drive by providing 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 placed at our project sites.

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

Some of the 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 lightings and green label photocopiers in the site office;



- (iii) use of green-label materials such as playground flooring and equipment, paint, tile adhesive and waterproof membrane, etc.; 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 and that a positive work environment will better attract, motivate and retain talent. 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 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.

SUPPORTING THE COMMUNITY

Our Group is committed to giving back to the community in which we operate in. Besides donating to various welfare organisations, we actively participate in community outreach events and activities. An instance of our initiative to give back to society include TA Corporation's employees' participation in the Hygiene Maintenance Project – Spring Cleaning organised by Kembangan – Chai Chee Grassroots Organization (KCCGO) in February 2015 in conjunction with KCCGO's One Community Day 2015, an annual event that celebrates the spirit of volunteerism and aims to improve the social and physical well-being of elderly living in rental blocks at the Kembangan – Chai Chee area. TA Corporation remains committed to worthy causes and will continue to support those in need.

STATEMENT OF CORPORATE GOVERNANCE

TA Corporation Ltd (the “Company” and together with its subsidiaries, the “Group”) is 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 2014 (“FY2014”) 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 recognize 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 initiatives are set out in the CSR 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.

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.

Directors' attendance at Board and Board Committees meetings in FY2014

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

STATEMENT OF CORPORATE GOVERNANCE

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

Orientation, briefings, updates and trainings provided for directors in FY2014

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

The Directors are continually and regularly updated on the Group's business and governance practices. On a quarterly basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and for them to receive updates and training from SID. Briefings and updates provided for Directors in for the financial year ended 31 December 2014 include:

- The external auditors briefed the AC members on developments in accounting and governance standards.
- The Board was briefed on relevant rules and regulations including requirements of the SGX-ST's listing rules and the amendments to the Companies Act and the guidelines of the 2012 Code of Corporate Governance 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 for real estate industry.
- 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 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.*

As at the date of this Report, the Board of Directors comprises seven members; of whom three are independent.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 Liang 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. Pursuant to the statement issued on 2 May 2012 by the Monetary Authority of Singapore ("MAS"), it 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.

STATEMENT OF CORPORATE GOVERNANCE

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;
- (c) review the training and professional development programs for the Board;
- (d) recommend to the Board the appointment and re-election of Directors; and
- (e) assess the independence of Independent Directors.

The 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 Articles. Subject to the nomination by the NC, a retiring Director is eligible for 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 the 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.

STATEMENT OF CORPORATE GOVERNANCE

Board Performance

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

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

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

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

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, which includes budgets, forecasts and monthly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. Management provides Directors with information 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 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

STATEMENT OF CORPORATE GOVERNANCE

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 commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her; and
- (f) review and recommend the engagement of remuneration consultant 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 of the Group's remuneration framework to ensure compensation for Executive Directors and key management personnel remains link to both short-term performance and the Group's strategy for long-term sustainability. Executive Directors do not receive Directors' fees.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2014 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 FY2014 is as follows:

Remuneration Bands	Fee %	Fixed Remuneration %	Performance related Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
<u>\$750,001 to \$1,000,000</u>					
Mr Liong Kiam Teck	-	51.2	45.6	3.2	100
Mr Neo Tiam Boon	-	41.1	54.9	4.0	100
<u>\$500,001 to \$750,000</u>					
Mr Neo Tiam Poon @ Neo Thiam Poon	-	50.0	44.7	5.3	100
Mr Neo Thiam An	-	49.1	43.8	7.1	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.

STATEMENT OF CORPORATE GOVERNANCE

Remuneration of key management personnel

The remuneration paid to or accrued to the top five key management personnel (who are not Directors or the CEO) for FY2014 is as follows:

Remuneration Bands	Fixed Remuneration %	Performance related Remuneration %	Allowances and Other Benefits-in-kind %	Total Compensation %
<u>\$250,001 to \$500,000</u>				
First Executive	72.3	21.2	6.5	100
Second Executive	65.8	28.4	5.8	100
Third Executive	68.2	20.6	11.2	100
<u>Up to \$250,000</u>				
Fourth Executive	66.0	15.7	18.3	100
Fifth Executive	70.7	15.5	13.8	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 2014, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five key management personnel was \$1,301,064.

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.

Remuneration Bands	Relationship to Directors or the CEO
<u>\$150,001 to \$200,000</u>	
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
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
<u>\$100,001 to \$150,000</u>	
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>	
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

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 mindful of its obligations to furnish 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.

For the financial year ended 31 December 2014, the Board has received assurance from the CEO and CFO that 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 controls system.

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 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.

The key risks of the Group are deliberated by management and reported to the AC regularly. 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.

STATEMENT OF CORPORATE GOVERNANCE

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 and the AC; and the aforesaid 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 2014.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Audit Committee

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

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

Mr 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.

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 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.

STATEMENT OF CORPORATE GOVERNANCE

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 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 \$18,000 or 6% of the audit fee. Being 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 action determined by the AC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively.

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

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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 Articles of Association allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

All resolutions at AGMs and EGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders.

Interested Persons Transactions

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Details of IPT for the year ended 31 December 2014 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (\$'000)
Prestige Resources Pte Ltd	495	N.A.
Tac Alliance Pte. Ltd.	282	N.A.
Liong Kiam Teck ¹	1,148	N.A.
Edgewell Investments Pte. Ltd.	123	N.A.
Neo Medical Centre	102	N.A.

¹ On 22 January 2014, one of the Company's subsidiaries 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 \$4 million plus a 5% mark up on cost incurred shall be billed progressively according to work done. As at 31 December 2014, total billing of \$1,147,955 has been rendered based on certified work done.

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.

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.

REPORT OF THE DIRECTORS

The directors present their report 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, 2014.

1 DIRECTORS

The directors of the Company in office at the date of this report 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 registered in name of director		Shareholdings 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
Liong Kiam Teck	152,923,950	152,923,950	20,000	20,000
Neo Tiam Poon @ Neo Thiam Poon	73,403,496	73,403,496	-	-
Neo Tiam Boon	77,141,637	77,141,637	-	-
Neo Thiam An	36,361,917	36,361,917	-	-
Lim Hock Beng	100,000	100,000	-	-

The directors' interests in the shares of the Company and related corporations at January 21, 2015 were the same as at December 31, 2014.

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.

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in Note 5 to the financial statements.

5 AUDIT COMMITTEE

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and the Singapore Code of Corporate Governance.

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 arrangement 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.

REPORT OF THE DIRECTORS

5 AUDIT COMMITTEE (CONTINUED)

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

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

6 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.

7 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 26, 2015

STATEMENT OF **DIRECTORS**

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 33 to 95 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, 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.

ON BEHALF OF THE DIRECTORS

Liong Kiam Teck

Neo Tiam Boon

March 26, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of TA Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of TA Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 95.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of TA Corporation Ltd

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 26, 2015

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	116,803	96,301	32,596	4,997
Trade and other receivables	7	173,417	191,263	74,485	33,658
Deposits and prepayments	8	3,257	6,542	25	28
Available-for-sale investments	9	9,437	-	-	-
Inventories	10	4,871	2,901	-	-
Development properties	12	235,456	196,066	-	-
Total current assets		543,241	493,073	107,106	38,683
Non-current assets					
Property, plant and equipment	13	35,656	20,862	-	-
Investment properties	14	192,669	60,175	-	-
Goodwill	15	2,595	2,594	-	-
Subsidiaries	16	-	-	116,965	116,965
Associates and joint venture	17	6,530	8,054	-	-
Other non-current assets	18	400	416	-	-
Deferred tax assets	19	269	65	-	-
Total non-current assets		238,119	92,166	116,965	116,965
Total assets		781,360	585,239	224,071	155,648

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	20	91,291	35,330	-	-
Trade and other payables	21	163,157	135,369	2,343	2,101
Current portion of finance leases	22	388	409	-	-
Income tax payable		4,710	12,334	-	10
Total current liabilities		259,546	183,442	2,343	2,111
Non-current liabilities					
Borrowings	20	191,110	159,934	-	-
Finance leases	22	725	434	-	-
Term notes	23	74,082	-	74,082	-
Deferred tax liabilities	19	1,952	654	-	-
Total non-current liabilities		267,869	161,022	74,082	-
Capital, reserves and non-controlling interests					
Share capital	24	142,185	142,185	142,185	142,185
Capital reserve	25	644	644	-	-
Translation and other reserves		761	(360)	-	-
Retained earnings		100,798	85,117	5,461	11,352
Equity attributable to owners of the Company		244,388	227,586	147,646	153,537
Non-controlling interests		9,557	13,189	-	-
Total equity		253,945	240,775	147,646	153,537
Total liabilities and equity		781,360	585,239	224,071	155,648

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2014

	Note	Group	
		2014 \$'000	2013 \$'000
Revenue	26	302,942	297,234
Cost of sales		(250,604)	(240,322)
Gross profit		52,338	56,912
Other income	27	9,203	5,934
Selling and distribution costs		(1,741)	(439)
General and administrative expenses		(16,523)	(15,271)
Other operating expenses	28	(10,270)	(5,379)
Share of loss of associates		(1,128)	(1,058)
Finance costs	29	(4,279)	(1,369)
Profit before income tax		27,600	39,330
Income tax expense	30	(5,857)	(7,484)
Profit for the year	31	21,743	31,846
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,311	(236)
Loss in fair value on available-for-sale investments		(41)	-
		1,270	(236)
Total comprehensive income for the year		23,013	31,610
Profit attributable to:			
Owners of the Company		20,331	29,289
Non-controlling interests		1,412	2,557
		21,743	31,846
Total comprehensive income attributable to:			
Owners of the Company		21,452	29,087
Non-controlling interests		1,561	2,523
		23,013	31,610
Earnings per share (cents):			
Basic and diluted	32	4.4	6.3

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

	Note	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group								
Balance at January 1, 2013		142,185	644	(158)	61,873	204,544	23,133	227,677
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	29,289	29,289	2,557	31,846
Other comprehensive loss for the year		-	-	(202)	-	(202)	(34)	(236)
Total		-	-	(202)	29,289	29,087	2,523	31,610
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	1,410	1,410
Dividends	34	-	-	-	(6,045)	(6,045)	-	(6,045)
Dividends to non-controlling shareholders		-	-	-	-	-	(13,877)	(13,877)
Total		-	-	-	(6,045)	(6,045)	(12,467)	(18,512)
Balance at December 31, 2013		142,185	644	(360)	85,117	227,586	13,189	240,775

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

	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, 2014		142,185	644	(360)	85,117	227,586	13,189	240,775
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	20,331	20,331	1,412	21,743
Other comprehensive income for the year		-	-	1,121	-	1,121	149	1,270
Total		-	-	1,121	20,331	21,452	1,561	23,013
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	871	871
Dividends	34	-	-	-	(4,650)	(4,650)	-	(4,650)
Dividends to non-controlling shareholders		-	-	-	-	-	(6,064)	(6,064)
Total		-	-	-	(4,650)	(4,650)	(5,193)	(9,843)
Balance at December 31, 2014		142,185	644	761	100,798	244,388	9,557	253,945

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

	Note	Share capital \$'000	Retained earnings \$'000	Total \$'000
Company				
Balance at January 1, 2013		142,185	11,456	153,641
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		-	5,941	5,941
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	34	-	(6,045)	(6,045)
Total		-	(6,045)	(6,045)
Balance at December 31, 2013		142,185	11,352	153,537
<i>Total comprehensive loss for the year</i>				
Loss for the year, representing total comprehensive loss for the year		-	(1,241)	(1,241)
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	34	-	(4,650)	(4,650)
Total		-	(4,650)	(4,650)
Balance at December 31, 2014		142,185	5,461	147,646

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014	2013
	\$'000	\$'000
Operating activities		
Profit before income tax	27,600	39,330
Adjustments for:		
Depreciation expense	4,793	3,565
Share of loss of associates	1,128	1,058
Provision for impairment loss on development properties	5,001	-
Provision for liquidated damages for development properties	428	-
Impairment loss on other non-current assets	16	-
Gain in fair value of investment properties	(1,440)	(335)
Gain on disposal of property, plant and equipment	(86)	(55)
Property, plant and equipment written off	-	22
Interest expense	4,233	1,205
Deemed interest expense on retention amounts	46	164
Interest income	(2,197)	(1,465)
Deemed interest income on retention amounts	(880)	(76)
Allowance (Reversal of allowance) for doubtful debts	20	(495)
Operating cash flows before movements in working capital	38,662	42,918
Trade and other receivables	23,617	55,627
Deposits and prepayments	3,285	(2,012)
Inventories	(1,970)	(1,723)
Development properties	(41,533)	(49,698)
Trade and other payables	31,654	(26,524)
Cash generated from operations	53,715	18,588
Income tax paid	(12,385)	(13,076)
Interest paid	(9,540)	(4,045)
Net cash from operating activities	31,790	1,467
Investing activities		
Interest received	2,197	1,465
Purchase of property, plant and equipment [Note 13(b)]	(17,717)	(6,830)
Purchase of investment properties	(130,553)	-
Proceeds from disposal of property, plant and equipment	143	55
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	871	1,410
Advance to associates	(4,911)	(6,389)
Available-for-sale investments	(9,437)	-
Acquisition of subsidiaries	(1)	(1)
Additional investment in associate	(1)	(551)
Additional other non-current assets	-	(289)
Interest in a joint venture	-	(2,216)
Net cash used in investing activities	(159,409)	(13,346)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014	2013
	\$'000	\$'000
Financing activities		
Proceeds from borrowings	106,633	81,543
Proceeds from term notes	74,082	-
Repayment of borrowings	(19,496)	(58,986)
Repayment of obligations under finance leases	(481)	(605)
Pledged fixed deposits	(579)	(513)
Dividends paid to non-controlling shareholders*	(9,077)	(12,300)
Dividends paid	(4,650)	(6,045)
Net cash from financing activities	<u>146,432</u>	<u>3,094</u>
Increase (Decrease) in cash and cash equivalents	18,813	(8,785)
Cash and cash equivalents at beginning of the year	95,788	105,121
Effect of exchange rate changes	1,110	(548)
Cash and cash equivalents at end of the year	<u>115,711</u>	<u>95,788</u>
Cash and cash equivalents at end of the year comprise the following:		
Cash and bank balances (Note 6)	80,036	71,261
Fixed deposits (Note 6)	36,767	25,040
	<u>116,803</u>	<u>96,301</u>
Less: pledged fixed deposits (Note 6)	(1,092)	(513)
Cash and cash equivalents at end of the year	<u>115,711</u>	<u>95,788</u>

* Amount in 2014 comprised dividends declared in 2014 and part of dividends declared in 2013.
Amount in 2013 comprised dividends declared in 2013 and part of dividends declared in 2012.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 the subsidiaries are disclosed in Note 16.

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, 2014 were authorised for issue by the Board of Directors on March 26, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

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 Payments*, 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.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2014, 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of Standards which are relevant to the Group is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The adoption of FRS 110 has not changed the Group's identification of entities which the Group controls.

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method. Proportionate consolidation is no longer allowed. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Management assessed the Group's investment in a joint arrangement in accordance with the requirements of FRS 111 and concluded that the joint arrangement is a joint venture.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements. Disclosures are made in Note 17.

At the date of authorisation of these financial statements, the following new/revised 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*²
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*³
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*³
- Improvements to Financial Reporting Standards (January 2014)⁴

The following amendments are not expected to be relevant to the Group:

- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*³
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*³
- Improvements to Financial Reporting Standards (February 2014)⁴
- Improvements to Financial Reporting Standards (November 2014)⁴

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, 2017, with early application permitted.

³ Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

⁴ Applies to annual periods beginning on or after July 1, 2014, with early application permitted.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109 that are currently relevant to the Group and the Company:

- 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 through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows comprising solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

Debt instruments that are held within a business model whose objective is achieved both by selling assets and collecting contractual cash flows comprising payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI).

All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods.

In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. In measurement of financial liabilities designated as at FVTPL, FRS 109 requires the change in fair value of the financial liability that is attributable to changes in the credit risk of that liability to be presented in other comprehensive income, unless this creates or enlarges an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In 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. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which 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.

FRS 115 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts 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 a performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Performance obligation is discharged through the delivery of services to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after January 1, 2017, with retrospective application required.

Management is currently evaluating the effects of FRS 115 on the financial statements of the Group.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

Amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments – An entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full. When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of the improvements project that are relevant to the Group and the Company comprised of the following:

Standard	Key amendment
FRS 103 <i>Business Combinations</i>	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.
FRS 103 <i>Operating Segments</i>	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 <i>Related Party Disclosures</i>	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (January 2014).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable 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.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given by the Group to the former owners of the acquiree, liabilities incurred by the Group and equity interests issued by the Group in exchange for control of the acquiree. The fair values are those prevailing at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at their fair values prevailing at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. Accounting for subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

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 instrument.

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 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

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 rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets 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.

For all other financial assets, objective evidence of impairment could include:

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

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

Financial liabilities

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables are 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 are initially measured at fair value net of transactions costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

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 qualified 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

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

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss 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 economic benefits from the leased asset are consumed. 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 liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is charged so as to write off the cost of assets, other than freehold land, 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 freehold land. Building on freehold land is depreciated over 30 years.

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

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

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

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. 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 less all estimated costs of completion and costs to be incurred in marketing and selling.

Development properties are stated at cost plus attributable profits less 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 surveys of work done, performed by independent qualified 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 (see accounting policy for borrowing costs below).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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 (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

ASSOCIATES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERESTS IN JOINT VENTURES – 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 joint venture is recorded at cost contributed towards acquisition of assets and has no operating results.

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 the total time expected to install that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as 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 on a continuous basis. 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 qualified surveyors.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

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

Dividend income

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

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 financial year. Taxable profit differs from profit as reported in the statement of 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 in countries where the Company and subsidiaries operate by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of currently taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised for the temporary difference arising from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on any taxable temporary differences arising from profits of subsidiaries, associates and interests in any joint ventures, which are recognised in the Group's financial statements and subject to additional tax on any future remittance when declared as dividends by the investees. Deferred tax liability in respect of unremitted profits is not recognised when 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. 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when 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 accounted for either in other comprehensive income or directly in equity, in which case the tax correspondingly accounted for in other comprehensive income or directly in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the respective entities operate (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 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 reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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, apart from those involving estimations as discussed below.

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.

(a) 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 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.

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.

The above estimates affect the amount of revenue recognised (Note 26), the cost included in cost of sales; the recognised profits included in the carrying amounts of construction contracts (Note 11) and development properties (Note 12); and the impairment loss recognised (Note 12). Management's estimates take into account known significant events and information available when financial statements are prepared. They are subject to periodic evaluation and adjustments.

(b) Fair value of investment properties

Investment properties (Note 14) 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 and lease period. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

3.2 Key sources of estimation uncertainty (Continued)

(c) 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 is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in the profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. The carrying amount of the trade and other receivables is disclosed in Note 7 to the financial statements.

(d) Recoverable amount of receivables from associates and investment in associates

Receivables from associate Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") amount to \$15,952,000 (2013: \$15,235,000). The ability to recover the receivables included in Note 7 and the carrying amount of investment of \$4,811,000 (2013: \$5,838,000) included in Note 17 is dependent on the ability to sell the properties of Dalian Shicheng Property Development Co., Ltd ("DSPDC") in Dalian, PRC at the values estimated by management and to develop the properties at the cost estimated by management so as to derive profits from future sales. The values have been estimated by management with the assistance of an independent valuer.

The right to recovery of these receivables is subordinated to the right of a bank to prior repayment of bank loans given to DSPDS and DSPDC.

A wholly-owned subsidiary of the Group together with another shareholder of DSPDS, have provided joint and several corporate guarantees for bank loans given to DSPDS. The Company together with that same shareholder of DSPDS, have provided joint and several corporate guarantees for bank loans given to DSPDC (Note 35(a)). The ability of DSPDS and DSPDC to pay the bank loans is dependent on sales of DSPDC's properties in Dalian, PRC.

Management is of the view that the amounts of receivables and investments are recoverable given time to realise the sales. No allowance for impairment of the receivables is needed.

(e) 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.

(f) Recoverable amount of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill is disclosed in Note 15 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assets				
Loans and receivables at amortised cost (including cash and cash equivalents)	301,171	291,580	107,083	38,655
Financial liabilities				
Amortised cost	469,801	287,331	76,425	2,101

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 programme seeks to minimise potential adverse effects of financial performance of the Group arising from market risk (including pricing risk, 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.

(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 interest rate swaps to manage its exposures to interest rate risk.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

(ii) Interest rate risk management (Continued)

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. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had 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 property development as at December 31, 2014 would have increased/decreased by \$456,000 (2013: increased/decreased by \$478,000); and the Group's profit for the financial year ended December 31, 2014 would have increased/decreased by \$305,000 (2013: increased/decreased by \$299,000).

The Company's profit and loss and equity are not affected materially by the changes in interest rates.

(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. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management on an on-going basis.

Trade receivables consist of a number of customers from the construction and real estate industry. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit-ratings.

The Group's exposure to credit risk on receivables arising from the sale of condominium units under development is not significant as payments are arranged through loans taken up by customers with creditworthy financial institutions; and 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

(iii) Credit risk management (Continued)

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

The Group monitors collections due and follow up with debtors as part of the credit management process.

The amounts presented in the statement 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.

The maximum aggregate amount the Group can be liable under all the guarantees in Note 35 (a) is approximately \$78.4 million (2013: \$76.4 million).

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

Management monitors the financial performance of the parties in respect of which the Group or the Company has provided guarantees to third parties. There is currently no expectation that any of these guarantees will or may be called on.

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 above, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral which can reduce the exposure.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and committed credit lines available to support working capital requirements.

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, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS 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						
2014						
Non-interest bearing		112,205	-	-	-	112,205
Finance leases (fixed rate)	3.5	470	753	-	(110)	1,113
Fixed interest rate instruments	5.3	3,938	77,275	-	(7,131)	74,082
Variable interest rate instruments	2.7	93,699	147,427	48,843	(7,568)	282,401
		210,312	225,455	48,843	(14,809)	469,801
2013						
Non-interest bearing	-	91,224	-	-	-	91,224
Finance leases (fixed rate)	3.5	455	484	-	(96)	843
Variable interest rate instruments	2.7	36,275	163,251	1,026	(5,288)	195,264
		127,954	163,735	1,026	(5,384)	287,331
Company						
2014						
Non-interest bearing	-	2,343	-	-	-	2,343
Fixed interest rate instruments	5.3	3,938	77,275	-	(7,131)	74,082
		6,281	77,275	-	(7,131)	76,425
2013						
Non-interest bearing	-	2,101	-	-	-	2,101

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS 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	Adjustment \$'000	Total \$'000
Financial assets				
Group				
2014				
Non-interest bearing	-	207,741	-	207,741
Variable interest rate	3.3	48,783	(1,557)	47,226
Fixed interest rate instruments	1.4	46,316	(112)	46,204
		302,840	(1,669)	301,171
2013				
Non-interest bearing	-	224,191	-	224,191
Variable interest rate	3.3	43,778	(1,429)	42,349
Fixed interest rate instruments	0.2	25,045	(5)	25,040
		293,014	(1,434)	291,580
Financial assets				
Company				
2014				
Non-interest bearing	-	20,382	-	20,382
Variable interest rate	5.3	72,811	(3,658)	69,153
Fixed interest rate instruments	0.3	17,550	(2)	17,548
		110,743	(3,660)	107,083
2013				
Non-interest bearing	-	11,016	-	11,016
Variable interest rate	2.5	25,757	(628)	25,129
Fixed interest rate instruments	0.3	2,511	(1)	2,510
		39,284	(629)	38,655

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

(v) Fair value of financial assets and 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 values of financial assets and financial liabilities are determined as follows:

- at quoted market prices of the financial assets and financial liabilities, traded on active liquid markets based on standard terms and conditions;
- derived from discounted cash flow analysis or generally accepted pricing models using prices from observable current market transactions and dealer quotes for similar instruments; or
- at the carrying amounts of those assets and liabilities reported in the statements of financial position due to the relatively short-term maturity of these financial instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c. inputs for the asset or liability that are not based on observable market data (observable inputs) (Level 3).

(c) Capital risk 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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, other components of equity and retained earnings as disclosed in the statement of changes in equity; and debt, which includes the borrowings disclosed in Note 20.

The Group reviews the capital structure on an annual basis. As a part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

During the year, Group entities entered into the following trading transactions with related parties:

	Group	
	2014 \$'000	2013 \$'000
Associates		
Construction revenue	48,406	32,684
Interest income	1,487	1,349
Project management services	60	144
Accounts and administrative services	96	96
Companies in which certain directors have control		
Sales and service of air-conditioners	16	16
Sales of motor vehicle	-	20
Maintenance income	40	52
Management service fee income	777	480
Rental income	110	96
Miscellaneous income	3	7
Medical fee expense	(102)	(79)
Miscellaneous expenses	(81)	(49)
Purchase of motor vehicle	-	(5)
Dormitory rental expense	(185)	(169)
Director		
Construction revenue	1,148	-
Sales of property unit	-	1,779

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

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

	Group	
	2014 \$'000	2013 \$'000
Short-term benefits	4,621	5,296

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

6 CASH AND BANK BALANCES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and in hand	80,036	71,261	15,048	2,487
Fixed deposits	36,767	25,040	17,548	2,510
	116,803	96,301	32,596	4,997
Less: pledged fixed deposits	(1,092)	(513)	-	-
	115,711	95,788	32,596	4,997

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest ranging from 0.20% to 0.68% (2013: 0.20% to 0.38%) per annum and for tenures ranging 1 to 12 months (2013: 1 to 12 months). Some of the fixed deposits are pledged as security for trade facilities granted by banks to its subsidiaries.

Included in the cash and bank balances of the Group is an amount of \$13,399,000 (2013: \$18,287,000) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the development properties (Note 12).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables from:				
Sale of goods and services	3,478	2,422	-	-
Property development customers	1,613	37,636	-	-
Construction contract customers:				
- Billed/Certified	35,392	40,241	-	-
- Unbilled (Note 11)	12,832	2,333	-	-
Retention monies on contract work:				
- Associates (Note 5)	6,249	3,742	-	-
- Third parties	26,939	32,088	-	-
Associates (Note 5)	23,196	14,379	-	-
Companies in which certain directors have control (Note 5)	226	5	-	-
Less: Allowance for doubtful receivables				
- Associates (Note 5)	(57)	(57)	-	-
- Third parties	(877)	(858)	-	-
	108,991	131,931	-	-
Other receivables due from:				
Third parties	198	73	111	29
Associates (Note 5)	64,083	59,172	-	-
Companies in which certain directors have control (Note 5)	90	39	-	-
Subsidiaries	-	-	74,374	33,629
	64,371	59,284	74,485	33,658
Staff loans	72	65	-	-
Less: Allowance for doubtful receivables	(17)	(17)	-	-
	55	48	-	-
Total trade and other receivables	173,417	191,263	74,485	33,658

Credit periods range from 30 to 60 days (2013: 30 to 60 days). No interest is charged on overdue trade receivables. Interest is charged at 2.5% to 5.3% (2013: 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% (2013: 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.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits granted to customers are reviewed periodically. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not past due and not impaired ⁽ⁱ⁾	169,930	189,498	74,485	33,658
Past due but not impaired ⁽ⁱⁱ⁾	3,487	1,765	-	-
Impaired receivables				
- individually assessed and past due more than 12 months	951	932	-	-
Less: Allowance for doubtful receivables	(951)	(932)	-	-
Total trade and other receivables, net	173,417	191,263	74,485	33,658

⁽ⁱ⁾ There has not been a significant change in credit quality of trade receivables that are not past due and not impaired.

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
< 3 months	2,029	1,281	-	-
3 months to 6 months	365	99	-	-
6 months to 12 months	591	289	-	-
> 12 months	502	96	-	-
	3,487	1,765	-	-

The Group has not provided for any impairment losses as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of the year	932	1,427	-	-
Amounts recovered during the year	(40)	(587)	-	-
Bad debts written off	-	(1)	-	-
Increase in allowance recognised in profit or loss	59	93	-	-
Balance at end of the year	951	932	-	-

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

8 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Tender deposits placed with third parties	265	546	-	-
Deposits placed with third parties	1,249	3,470	2	-
Prepayments	1,743	2,526	23	28
	3,257	6,542	25	28

9 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014 \$'000	2013 \$'000
Quoted debt securities, at fair value	9,437	-

The fair value measurements of the quoted debt securities are classified within Level 1 of the fair value hierarchy and are determined based on quoted bid prices in an active market.

10 INVENTORIES

	Group	
	2014 \$'000	2013 \$'000
Goods held for sale	4,871	2,901

The cost of inventories recognised as an expense for the financial year amounted to \$12,681,000 (2013: \$8,335,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

11 CONSTRUCTION CONTRACTS

	Group	
	2014	2013
	\$'000	\$'000
Contract work-in-progress at end of the reporting period:		
Aggregate amount of contract costs incurred plus recognised profits less recognised losses	773,949	711,621
Less: progress billings	(812,069)	(753,433)
	(38,120)	(41,812)
Represented by:		
Amounts due from contract customers included in trade and other receivables (Note 7)	12,832	2,333
Amounts due to contract customers included in trade and other payables (Note 21)	50,952	44,145

12 DEVELOPMENT PROPERTIES

	Group	
	2014	2013
	\$'000	\$'000
Costs incurred plus recognised profits less foreseeable losses	298,467	233,072
Less: progress billings	(63,011)	(37,006)
	235,456	196,066

Development properties are classified as current assets as they are expected to be realised in the normal operating cycle.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

12 DEVELOPMENT PROPERTIES (CONTINUED)

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

	Group	
	2014 \$'000	2013 \$'000
Property tax capitalised during the reporting period	687	643
Interest expense capitalised during the financial year (Note 29)	3,667	2,840
Provision for impairment loss on development properties	5,001	-
Provision for liquidated damages for development property	428	-

The weighted average rate of capitalisation of the interest expenses for the financial year ended 2014 is 3.1% (2013: 2.7%) per annum.

	Group	
	Impairment loss on development property \$'000	Liquidated damages on development property \$'000
<u>Movement on provision</u>		
Balance at beginning of the year	808	-
Charge in profit or loss	5,809	428
Write-back in profit or loss	(808)	-
	5,001	428
Balance at end of the year	5,809	428

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

12 DEVELOPMENT PROPERTIES (CONTINUED)

Particulars of the development properties as at December 31, 2014 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	5,012	February 2015	Freehold	3,227
Gambir Ridge (Residential)	16 Gambir Walk	6,194	December 2015	Freehold	3,763
Terra Villas (Residential)	19, 21, 23 & 25 Jalan Sayang	2,231	December 2016	Freehold	1,278
Ascent @ 456 (Commercial and residential)	456 Balestier Road	2,805	December 2017	Freehold	1,084
Residential development	12 Shan Road	*	*	Freehold	1,918
<u>Properties in Thailand</u>					
De Iyara (Commercial and residential)	Klong Luang District Pathumthani, Thailand	440	August 2014	Freehold	11,200
De Iyara Share (Commercial and residential)	Klong Luang District Pathumthani, Thailand	4,316	March 2015	Freehold	8,000
De Iyara Grande (Commercial and residential)	Klong Luang District Pathumthani, Thailand	7,200	June 2015	Freehold	16,000

* Development plan has not been finalised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property \$'000	Leasehold properties \$'000	Properties under construction \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost:						
At January 1, 2013	693	18,400	-	15,214	3,600	37,907
Additions	-	-	-	6,176	905	7,081
Transfer from investment property (Note 14)	-	1,450	-	-	-	1,450
Exchange differences	(55)	-	-	(7)	(2)	(64)
Assets written off	-	-	-	(22)	-	(22)
Disposals	-	-	-	(33)	(236)	(269)
At December 31, 2013	638	19,850	-	21,328	4,267	46,083
Additions	178	158	14,125	2,373	1,634	18,468
Transfer from investment property (Note 14)	-	1,140	-	-	-	1,140
Exchange differences	9	-	-	22	18	49
Disposals	-	-	-	(108)	(359)	(467)
At December 31, 2014	825	21,148	14,125	23,615	5,560	65,273
Accumulated depreciation:						
At January 1, 2013	195	7,080	-	12,664	2,011	21,950
Depreciation	18	691	-	2,321	535	3,565
Exchange differences	(16)	-	-	(6)	(3)	(25)
Disposals	-	-	-	(33)	(236)	(269)
At December 31, 2013	197	7,771	-	14,946	2,307	25,221
Depreciation	35	708	-	3,292	758	4,793
Exchange differences	3	-	-	6	4	13
Disposals	-	-	-	(108)	(302)	(410)
At December 31, 2014	235	8,479	-	18,136	2,767	29,617
Carrying amount:						
At December 31, 2014	590	12,669	14,125	5,479	2,793	35,656
At December 31, 2013	441	12,079	-	6,382	1,960	20,862

- (a) The carrying amount of the Group's property, plant and equipment includes \$1,900,000 (2013: \$1,343,000) of assets held under finance leases (Note 22).
- (b) During the financial year, the Group acquired property, plant and equipment with aggregate cost of \$18,468,000 (2013: \$7,081,000) of which \$751,000 (2013: \$251,000) were acquired through finance leases. Cash payments of \$17,717,000 (2013: \$6,830,000) 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).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh #03-01, #03-02, #03-03, #03-04, #03-05 #03-07/08/09 and #03-16 New World Centre Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	1,100
53 Sungei Kadut Loop Singapore 729502	Warehouse/ dormitory	Leasehold (30 years from March 16, 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/ dormitory	Leasehold (30 years from December 16, 1990)	6,168
Tuas South Street 11 Singapore	Warehouse*	Leasehold (20 years and 10 months from October 21, 2014)	10,000
No. 224, 232/1-7 & 232/9 Okkiam Thoraippakkam Industrial Estate Chennai 600096 India	Test centre	Freehold	8,986
No. 23 Vengadamangalam Village Chengalpet Taluk Kancheepura District Chennai 600048 India	Test centre*	Freehold	17,685

* Properties under construction.

14. INVESTMENT PROPERTIES

	Group	
	2014 \$'000	2013 \$'000
At fair value		
Balance at beginning of the year	60,175	61,290
Addition during the year	132,194	-
Transfer to property, plant and equipment (Note 13)	(1,140)	(1,450)
Changes in fair value included in profit or loss	1,440	335
Balance at end of the year	192,669	60,175

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

14 INVESTMENT PROPERTIES (CONTINUED)

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, #03-10 to #03-15 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	4,360
83 Sungei Kadut Drive Singapore 729566	Industrial	Leasehold (29 years from October 16, 1991)	4,701
Tuas South Street 13 Singapore	Dormitory under construction	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

The fair values of the Group's investment properties at respective reporting periods have been determined on the basis of valuations carried out at or close to the respective year end dates by independent valuers having an appropriate recognised professional qualification and experience in the location and category of the properties being valued. The valuations were arrived at 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.

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, 2014 and 2013 are classified as Level 3 in the fair value hierarchy.

Management considers that the fair values of the Group's investment properties are sensitive to unobservable adjustments to the prices per square metre. The adjusted prices per square metre used in estimating fair values of the investment properties ranged from \$600 to \$19,000 (2013: \$600 to \$20,000) per square metre for various investment properties. Any change to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair values of the respective properties.

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

Rental income from operating lease of the Group's investment properties amounted to \$2,260,000 (2013: \$2,209,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to \$710,000 (2013: \$878,000).

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December 31, 2014

15 GOODWILL

	Group	
	2014	2013
	\$'000	\$'000
At cost	2,595	2,594

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The CGUs to which goodwill have been allocated as follows:

	Group	
	2014	2013
	\$'000	\$'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	31
	2,595	2,594

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. The fair value of a property owned by the CGU has since increased by an amount which exceeds the amount of goodwill. The value of the property was determined by an independent valuer.

Sino Tac Resources Pte Ltd has been profit-generating for the past 2 years and management expects profits in future.

Goodwill of other CGUs are immaterial.

As at December 31, 2014, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

16 SUBSIDIARIES

	Company	
	2014	2013
	\$'000	\$'000
Unquoted equity shares at cost	116,965	116,965

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

16 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	
		2014	2013
		%	%
Aston Air Control Pte Ltd	Contractor of air conditioning installation, installation and servicing of air conditioning systems/Singapore	90	90
Credence Engineering Pte. Ltd.	Manufacture and repair of other oilfield and gas field machinery and equipment/Singapore	100	100
Meadows Investment Pte. Ltd.	Investment holding/Singapore	100	100
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 Development Pte. Ltd.	Real estate development/Singapore	100	100
Tiong Aik Holding Pte Ltd	Real estate development/Singapore	100	100
Tiong Aik Investments Pte Ltd	Real estate development/Singapore	100	100
Sino Tac Resources Pte Ltd	Trading in lubricants/Singapore	100	100
Held by Sino Holdings (S'pore) Pte Ltd			
TA Realty Pte. Ltd.	Real estate development/Singapore	100	100
Nexus Point Investments Pte. Ltd.	Dormitory operator/Singapore	62	100
Held by SinoTac Builder's (S) Pte Ltd			
Quest Homes Pte. Ltd.	Real estate development/Singapore	100	100
Held by Tiong Aik Construction Pte Ltd			
Tiong Aik Resources (S) Pte Ltd	Investment holding, general wholesale trade (including general importers and exporters)/Singapore	57	57

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

17 ASSOCIATES AND JOINT VENTURE

	Group	
	2014 \$'000	2013 \$'000
Cost of investment in associates	10,073	9,522
Add: Additional investment	1	551
	10,074	10,073
Share of post-acquisition losses, net of dividend received	(5,760)	(4,235)
	4,314	5,838
Interest in an unincorporated joint venture	2,216	2,216
Total of associates and joint venture	6,530	8,054

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

Name of significant associates	Principal activities/ Country of incorporation and operations	Effective equity interest		Proportion of ownership and voting power held	
		2014 %	2013 %	2014 %	2013 %
Held by Sino Holdings (S'pore) Pte Ltd					
Meadows Bright Development Pte Ltd	Real estate development/ Singapore	50.00	50.00	50.00	50.00
Dalian Shicheng Property Development (S) Pte. Ltd.	Investment holding/Singapore	25.37	25.37	25.37	25.37
Held by Dalian Shicheng Property Development (S) Pte. Ltd.					
Dalian Shicheng Property Development Co. Ltd. ⁽¹⁾	Development of properties/ People's Republic of China	25.37	25.37	*	*
Held by Meadows Bright Development Pte Ltd					
Meadows Property (S'pore) Pte Ltd ⁽²⁾	Real estate development/ Singapore	44.45	44.45	*	*
Bukit Timah Green Development Pte. Ltd. ⁽³⁾	Real estate development/ Singapore	25.00	25.00	*	*

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

* The proportion of voting power held in each entity above is consistent with the proportion of ownership as stated in the footnote below:

⁽¹⁾ Wholly-owned by Dalian Shicheng Property Development (S) Pte. Ltd. The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited.

⁽²⁾ Meadows Bright Development Pte Ltd owns 88.89% (2013: 88.89%) of the equity in Meadows Property (S'pore) Pte Ltd.

⁽³⁾ Meadows Bright Development Pte Ltd owns 50% (2013: 50%) of the equity in Bukit Timah Green Development Pte. Ltd. Bukit Timah Green Development Pte. Ltd. is audited by Ernst & Young LLP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

17 ASSOCIATES AND JOINT VENTURE (CONTINUED)

Summarised financial information in respect of each of the Group's material associates is set out below.

(b) Meadows Bright Development Pte Ltd and its subsidiaries

	2014 \$'000	2013 \$'000
Current assets	189,972	192,287
Non-current assets	391	376
Current liabilities	(191,576)	(193,793)
Non-controlling interests	126	95
Capital deficiency	(1,087)	(1,035)
Revenue	18,571	35,800
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	(84)	440

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:

	2014 \$'000	2013 \$'000
Net liabilities of the associate	(1,087)	(1,035)
Proportion of the group's ownership in the associate	50%	50%
Share of loss previously included in payables	-	518
Carrying amount of the group's interest in the associate	(544)	-

(c) Dalian Shicheng Property Development (S) Pte. Ltd. and its subsidiary

	2014 \$'000	2013 \$'000
Current assets	98,319	99,280
Non-current assets	138	523
Current liabilities	(111,053)	(108,354)
Capital deficiency	(12,596)	(8,551)
Revenue	10,608	1,945
Loss for the year	(4,524)	(4,281)
Other comprehensive income for the year	479	1,387
Total comprehensive loss for the year	(4,045)	(2,894)

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17 ASSOCIATES AND JOINT VENTURE (CONTINUED)

(c) Dalian Shicheng Property Development (S) Pte. Ltd. and its subsidiary (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:

	2014 \$'000	2013 \$'000
Net liabilities of the associate	(12,596)	(8,551)
Proportion of the group's ownership in the associate	25.37%	25.37%
	(3,196)	(2,169)
Pre-acquisition losses not recorded by the Group	8,007	8,007
Carrying amount of the group's interest in the associate comprising cost plus share of post-acquisition results of the associate	4,811	5,838

Management considers the amount of investment in the associate to be recoverable on the basis set out in Note 3(d).

Information relating to the carrying amount of investment in associates is provided in Note 3.2(d).

(d) Aggregate information of other associates that are not individually material

	2014 \$'000	2013 \$'000
The Group's share of profit for the year	43	15
The Group's share of other comprehensive income (loss)	4	(15)
The Group's share of total comprehensive income	47	-
Aggregate carrying amount of the Group's interests in these associates	47	-

- (e) The Group has a 49% interest in an unincorporated joint venture formed in 2013 to develop three plots of land. The amount of \$2,216,000 represents the amount paid for a 49% stake in these plots of land which have yet to be developed.

18 OTHER NON-CURRENT ASSETS

	Group	
	2014 \$'000	2013 \$'000
Club memberships, at cost	416	416
Less: impairment loss	(16)	-
	400	416

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2013	5,818	142	–	5,960
(Credit) Charge to profit or loss (Note 30)	(5,578)	207	–	(5,371)
At December 31, 2013	240	349	–	589
Charge (Credit) to profit or loss (Note 30)	1,204	21	(131)	1,094
At December 31, 2014	1,444	370	(131)	1,683

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for purposes of the statements of financial position:

	Group	
	2014 \$'000	2013 \$'000
Deferred tax liabilities	1,952	654
Deferred tax assets	(269)	(65)
	1,683	589

20 BORROWINGS

	Group	
	2014 \$'000	2013 \$'000
Bank loans – unsecured	5,172	3,745
Secured – at amortised cost		
Invoice financing	2,267	596
Bank loans	274,962	190,923
	282,401	195,264
Less: Amount due for settlement within 12 months (shown under current liabilities)	(91,291)	(35,330)
Amount due for settlement after 12 months	191,110	159,934

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20 BORROWINGS (CONTINUED)

The average effective interest rates paid were as follows:

	Group	
	2014	2013
Bank loans	3.0%	3.0%

The borrowings bear variable interest at margins above the bank's 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 market interest rates are charged on the bank loans.

The Group has the following bank loans:

- a) Loans of \$120,654,000 (2013: \$36,961,000) secured by charges over the Group's investment properties (Note 14). The loans bear interest at rates ranging from 2.3% to 2.6% (2013: 2.0% to 2.4%) per annum.
- b) Loans of \$143,960,000 (2013: \$151,314,000) secured by mortgages over the Group's development properties (Note 12). The loans bear interest at rates ranging from 2.2% to 2.8% (2013: 2.0% to 2.6%) per annum.
- c) Loans of \$10,348,000 (2013: \$2,648,000) secured by mortgages over the Group's leasehold properties (Note 13). The loans bear interest at rates ranging from 1.9% to 2.4% (2013: 1.9% to 2.4%) per annum.

The above loans are also secured by the corporate guarantees of the Company and certain loans are also secured by guarantees from certain minority 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.

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21 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables due to:				
– Subsidiaries (Note 16)	–	–	–	–
– Third parties	48,747	49,634	13	15
– Associates (Note 5)	19	7	–	–
– Companies in which certain directors have control (Note 5)	4	–	–	–
Other payables due to:				
– Third parties	2,480	3,247	–	–
– Associates (Note 5)	83	608	–	–
– Companies in which certain directors have control (Note 5)	40	16	–	–
– Non-controlling shareholders of subsidiaries	18,989	2,694	–	–
Accrued operating expenses	10,168	10,358	2,330	2,086
Accrued contract expenses	5,764	3,404	–	–
Amounts due to contract customers (Note 11)	50,952	44,145	–	–
Dividend payable to non-controlling shareholders of subsidiaries	64	3,077	–	–
Retention payables	17,339	13,303	–	–
Progress payment received	7,565	3,907	–	–
Deposits received	943	969	–	–
	163,157	135,369	2,343	2,101

Trade creditors and accruals comprise amounts outstanding for trade purchases and sub-contractor costs. The balances with related parties are unsecured, interest-free and repayable on demand. For the purpose of determining present value of retention monies, the discount rate is 5% (2013: 5%) per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

22 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Amounts payable under finance leases:				
Within 1 year	470	455	388	409
Within 2 to 5 years	753	484	725	434
	1,223	939	1,113	843
Less: Future finance charges	(110)	(96)	-	-
Present value of lease obligations	1,113	843	1,113	843
Less: Amount due for settlement within 12 months (shown under current liabilities)			(388)	(409)
Amount due for settlement after 12 months			725	434

The lease terms range from 3 to 5 years (2013: 3 to 5 years). The average effective interest rate approximates 3.5% (2013: 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.

23 TERM NOTES

	Group and Company	
	2014	2013
	\$'000	\$'000
Multi-currency term notes, net of issuance cost	74,082	-

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. The interest is payable on a half-yearly basis.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

24 SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		\$'000	
Issued and paid up:				
At beginning and end of the year	465,000,000	465,000,000	142,185	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.

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	
	2014	2013
	\$'000	
Revenue from:		
Construction contracts	204,648	217,389
Sale of development properties	75,165	66,157
Sale of goods	15,292	10,182
Worker training and other services	7,837	3,506
	302,942	297,234

27 OTHER INCOME

	Group	
	2014	2013
	\$'000	
Property rental income	2,260	2,209
Management service fee	777	480
Project management and administrative fee	156	240
Interest income	517	116
Interest income from associates	1,680	1,349
Deemed interest income on retention amounts	880	76
Net gain in fair value of investment properties	1,440	335
Gain on disposal of property, plant and equipment	86	55
Net foreign exchange gain	81	-
Grant from government	293	72
Reversal of allowance for doubtful debts	-	495
Other sundry income	1,033	507
	9,203	5,934

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

28 OTHER OPERATING EXPENSES

	Group	
	2014 \$'000	2013 \$'000
Depreciation (Note 31)	2,165	1,590
Property tax and repair and maintenance	1,188	1,344
Allowance for doubtful receivables	20	-
Rental expenses	760	650
Impairment loss on development properties	5,001	-
Provision for liquidated damages for development property	428	-
Impairment loss on other non-current assets	16	-
Legal and professional fees	419	636
Net foreign exchange losses	-	185
Property, plant and equipment written off	-	22
Trainers' fee	190	138
Others	83	814
	10,270	5,379

29 FINANCE COSTS

	Group	
	2014 \$'000	2013 \$'000
Interest on borrowings	9,324	3,659
Interest from a non-controlling interest	170	324
Interest on obligations under finance leases	47	62
Deemed interest expense on retention amounts	46	164
Total borrowing costs	9,587	4,209
Less: Amounts included as cost of development properties (Note 12)	(3,667)	(2,840)
Less: Amounts included as cost of investment properties (Note 14)	(1,641)	-
	4,279	1,369

30 INCOME TAX EXPENSE

	Group	
	2014 \$'000	2013 \$'000
Current tax		
- for the year	4,711	12,846
- under provision in prior years	52	9
Deferred tax (Note 19)	1,094	(5,371)
	5,857	7,484

Income tax in Singapore is calculated at 17% (2013: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

30 INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2014 \$'000	2013 \$'000
Profit before income tax	27,600	39,330
Tax at Singapore statutory rate of 17% (2013: 17%)	4,692	6,686
Tax effect of expenses that are not deductible in determining taxable profit	1,391	1,303
Effect of differences in tax rate in other jurisdictions	54	-
Deferred tax benefits not recognised	91	-
Under provision in prior years	52	9
Tax exempt income	(178)	(258)
Tax rebate	(163)	(254)
Utilisation of tax losses	(78)	-
Others	(4)	(2)
	5,857	7,484

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of approximately \$882,000 (2013: \$534,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$1.2 million (2013: \$Nil million). No liability has been recognised in respect of these differences because 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 PROFIT FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2014 \$'000	2013 \$'000
Depreciation on property, plant and equipment (Note 13)	4,793	3,565
Depreciation allocated to construction projects in progress	(2,628)	(1,975)
Depreciation charged as other operating expense (Note 28)	2,165	1,590
Cost of development properties recognised as cost of sales	61,211	50,503
Directors' remuneration:		
– of the Company	3,110	3,560
– of the subsidiaries	488	635
Employee benefits (excluding directors' remuneration)	25,565	22,823
Audit fees paid/payable to auditors of the Company	322	322
Non-audit fees paid/payable to auditors of the Company	18	73

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

32 EARNINGS PER SHARE

Earnings per share for 2014 have been calculated based on the profit attributable to the owners of the Company of \$20,331,000 (2013: \$29,289,000) and share capital of 465,000,000 shares for year ended December 31, 2014 (2013: 465,000,000 shares).

33 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services.

The Group's reportable operating segments under FRS 108 are 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 development and investment

Development of residential and commercial projects, investment in real estate and project management services.

Distribution

Sale and distribution of petroleum based lubricants products and automotive tyres.

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.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments except for other non-current assets (Note 18). 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 recorded jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

33 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2014						
REVENUE						
External revenue	212,485	75,165	15,292	-	-	302,942
Inter-segment revenue	44,689	93	7,029	-	(51,811)	-
	257,174	75,258	22,321	-	(51,811)	302,942
RESULT						
Segment result	24,169	5,616	428	(531)	-	29,682
Interest income	313	1,804	-	80	-	2,197
Interest expense	(104)	(1,081)	(28)	(3,066)	-	(4,279)
Profit (Loss) before income tax	24,378	6,339	400	(3,517)	-	27,600
Income tax expense	(4,393)	(1,428)	-	(36)	-	(5,857)
Profit (Loss) for the year	19,985	4,911	400	(3,553)	-	21,743
STATEMENT OF FINANCIAL POSITION						
Segment assets	254,656	688,838	17,764	224,071	(403,750)	781,579
Unallocated corporate assets	400	-	-	-	-	400
Total assets	255,056	688,838	17,764	224,071	(403,750)	781,979
Segment liabilities	158,703	538,626	10,948	76,425	(256,668)	528,034
Total liabilities	158,703	538,626	10,948	76,425	(256,668)	528,034
OTHER INFORMATION						
Additions to non-current assets	17,432	132,693	537	-	-	150,662
Depreciation	4,117	397	279	-	-	4,793
Allowance for impairment on development properties	-	5,001	-	-	-	5,001
Allowance for impairment on other non-current assets	16	-	-	-	-	16

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

33 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2013						
REVENUE						
External revenue	220,895	66,157	10,182	-	-	297,234
Inter-segment revenue	28,498	-	2,330	-	(30,828)	-
	249,393	66,157	12,512	-	(30,828)	297,234
RESULT						
Segment result	27,379	12,308	173	(702)	-	39,158
Interest income	138	1,393	-	10	-	1,541
Interest expense	(252)	(1,110)	(7)	-	-	(1,369)
Profit (Loss) before income tax	27,265	12,591	166	(692)	-	39,330
Income tax expense	(4,508)	(2,920)	(14)	(42)	-	(7,484)
Profit (Loss) for the year	22,757	9,671	152	(734)	-	31,846
STATEMENT OF FINANCIAL POSITION						
Segment assets	208,198	498,345	11,613	155,648	(288,981)	584,823
Unallocated corporate assets	416	-	-	-	-	416
Total assets	208,614	498,345	11,613	155,648	(288,981)	585,239
Segment liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
Total liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
OTHER INFORMATION						
Additions to non-current assets	5,746	466	869	-	-	7,081
Depreciation	3,123	286	156	-	-	3,565

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. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

34 DIVIDENDS

On May 16, 2014, a dividend of 1.0 cent per share (total dividends of \$4,650,000) was paid to the shareholders. In May 2013, the dividend paid was 1.3 cents per share (total dividends of \$6,045,000).

In respect of the current year, the directors propose that tax exempt (one-tier) final dividend of 1.0 cent (2013: 1.0 cent) per share be paid to shareholders. This dividend 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. The total estimated dividend to be paid is \$4,650,000 (2013: \$4,650,000).

35 CONTINGENT LIABILITIES AND GUARANTEES

a) A subsidiary together with another shareholder of the associate, Dalian Shicheng Property Development (S) Pte. Ltd., provided joint and several corporate guarantees for \$24.5 million (2013: \$24.5 million) to a bank in respect of loan facilities utilised by Dalian Shicheng Property Development (S) Pte. Ltd. and the Company together with that same shareholder of the associate provided joint and several corporate guarantees for RMB250 million (approximately \$53.9 million) (2013: RMB250 million (approximately \$51.9 million)) to a bank in respect of development loan facilities utilised by Dalian Shicheng Property Development Co., Ltd (an associate held through Dalian Shicheng Property Development (S) Pte Ltd).

The fair values of the corporate guarantees were assessed by the management to be insignificant at the inception of the guarantee arrangements as the primary security was the properties of Dalian Shicheng Property Development Co., Ltd.

b) Corporate guarantees have been given by the Group to financial institutions in respect of bankers' guarantees amounting to \$21.8 million (2013: \$12.7 million) and performance bonds/guarantees amounting to \$53.2 million (2013: \$65.5 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.

c) A third party has commenced legal proceedings for claims against various parties including a subsidiary of the group. Technical experts and legal advisers have been engaged in preparation for hearings commencing towards the end of 2015. Management has made provision for rectification work. While there remains significant uncertainty on the outcome, management is of the view that there is no significant liability not already provided for.

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2014	2013
	\$'000	\$'000
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	818	801

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

36 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessee (Continued)

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

	Group	
	2014 \$'000	2013 \$'000
Within one year	771	662
In the second to fifth year inclusive	1,884	1,684
> 5 years	893	1,301
	3,548	3,647

Operating lease payments represents rentals payable by the Group for warehouse premises, motor vehicles and office equipment. The lease terms of the warehouse premises are 30 years. 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 remaining leases are negotiated for terms between 1 to 2 years and rentals are fixed for the term of the leases.

The Group as lessor

	Group	
	2014 \$'000	2013 \$'000
Rental income	2,260	2,209

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

	Group	
	2014 \$'000	2013 \$'000
Within one year	1,546	1,469
In the second to fifth year inclusive	1,346	381
	2,892	1,850

37 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, a subsidiary of the Group subscribed for 50% of the equity in three other Singapore companies for an aggregate cash consideration of \$6.6 million. These companies have engaged in or will engage in trading activities, either directly or through foreign entities owned by these Singapore companies.

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: Mrs 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

63 Cantonment Road

Singapore 089758

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 / Ng Chung Keat

55 Market Street

#02-01

Singapore 048941

Tel: (65) 6534 5122

Fax: (65) 6534 4171

huikheng.chia@citigatedrimage.com

chungkeat.ng@citigatedrimage.com

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2015

SHARE CAPITAL

Issued and fully paid capital	:	\$142,185,445
Total number of shares in issue	:	465,000,000
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	78	10.95	77,100	0.02
1,001-10,000	260	36.52	1,370,900	0.29
10,001-1,000,000	356	50.00	29,541,000	6.35
1,000,001 and above	18	2.53	434,011,000	93.34
	712	100.00	465,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Number of shares fully paid		%
		%	Deemed Interest	
Liong Kiam Teck ⁽¹⁾	152,923,950	32.89	20,000	0.00
Neo Tiam Poon @ Neo Thiam Poon	73,403,496	15.79	-	-
Neo Tiam Boon	77,141,637	16.59	-	-
Neo Thiam An	36,361,917	7.82	-	-
Koh Wee Seng ⁽²⁾	47,910,000	10.30	-	-

Note:

⁽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 notification from Mr Koh Wee Seng to the Company.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Liong Kiam Teck	152,923,950	32.89
2.	Neo Tiam Boon	77,141,637	16.59
3.	Neo Tiam Poon @ Neo Thiam Poon	73,403,496	15.79
4.	Neo Thiam An	36,361,917	7.82
5.	UOB Kay Hian Pte Ltd	21,278,300	4.57
6.	CIMB Securities (Singapore) Pte Ltd	20,538,700	4.42
7.	Maybank Kim Eng Securities Pte Ltd	15,755,700	3.39
8.	Phillip Securities Pte Ltd	15,538,600	3.34
9.	Tan Su Lan @ Tan Soo Lung	3,797,000	0.82
10.	HSBC (Singapore) Nominees Pte Ltd	3,000,000	0.64
11.	Koh Wee Seng	2,915,000	0.63
12.	Lim Seng Kuan	2,589,000	0.56
13.	Lim & Tan Securities Pte Ltd	2,550,000	0.55
14.	Singamina Investment Pte Ltd	1,400,000	0.30
15.	Raffles Nominees (Pte) Ltd	1,364,100	0.29
16.	Lew Pei Yen Patrina	1,300,000	0.28
17.	Yap Bau Tan	1,148,600	0.25
18.	Lee Chee Hong	1,005,000	0.21
19.	King Wan Construction Pte Ltd	930,000	0.20
20.	Ng Han Kim	900,000	0.19
		435,841,000	93.73

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 16 March 2015, approximately 16.41% 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 as at 16 March 2015.

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, 22 April 2015 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with 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 2014. **(Resolution 2)**
3. To approve Directors' fees of \$186,250 for the financial year ended 31 December 2014 (2013: \$186,250). **(Resolution 3)**
4. To re-elect Mr Neo Tiam Boon, a Director retiring under Article 91 of the Articles of Association of the Company. **(Resolution 4)**
5. To re-elect Mr Lee Ah Fong, a Director retiring under Article 91 of the Articles of Association of the Company. **(Resolution 5)**

Mr Lee will, upon re-election as a Director of the Company, remain as the 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 Remuneration Committee.

6. To re-appoint Mr Lim Hock Beng who is retiring under Section 153(6) of the Companies Act, Cap. 50. **(Resolution 6)**

Mr Lim will, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will remain as a member 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, 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;

NOTICE OF THE ANNUAL GENERAL MEETING

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:
 - (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares, 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 Notes)

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 Notes)**

ANY OTHER BUSINESS

10. 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, 2 April 2015

Explanatory Notes:

- 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.
- 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 2014 and certain assumptions are set out in greater detail in the Appendix enclosed together with the Annual Report.

Notes:

- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead. A proxy need not be a member of the Company.
- If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- 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 Meeting.

NOTICE OF THE ANNUAL GENERAL MEETING

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 be closed on 6 May 2015 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 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 6 May 2015 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company at 5.00 p.m. on 6 May 2015 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 22 April 2015 will be paid on 15 May 2015.

BY ORDER OF THE BOARD

Foo Soon Soo
Yap Ming Choo
Company Secretaries

Singapore, 2 April 2015

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TA CORPORATION LTD

Co. Registration No. 201105512R
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy TA CORPORATION LTD shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent FOR INFORMATION ONLY.
2. 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 and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 on Wednesday, 22 April 2015 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	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
	Ordinary Business				
1.	To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with 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 2014.				
3.	To approve Directors' fees of \$186,250 for the financial year ended 31 December 2014. (2013: \$186,250).				
4.	To re-elect Mr Neo Tiam Boon as a Director.				
5.	To re-elect Mr Lee Ah Fong as a Director.				
6.	To re-appoint Mr Lim Hock Beng 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.				

* Please indicate your vote "For" or "Against" with a "X" within the box provided.

** 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 _____ 2015

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 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. 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.
3. 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.
4. 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 Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. 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.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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.
7. 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 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. 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 48 hours before the time set for the Annual General Meeting.

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TA CORPORATION LTD

1 Jalan Berseh #03-03 | New World Centre | Singapore 209037

Tel: (65) 6392 2988 | Fax: (65) 6392 0988

www.tiongaik.com.sg