



TA CORPORATION LTD

(Incorporated in the Republic of Singapore)

Co. Registration No. 201105512R

ANNOUNCEMENT

RESPONSE TO QUERIES RAISED BY SGX REGCO IN RELATION TO THE COMPANY'S UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2021 ("1H2021")

The Board of Directors of TA Corporation Ltd. (the "Company" and together with its subsidiaries, the "Group") refers to queries raised by The Singapore Exchange Regulation ("SGXRegCo") on 17 August 2021 in relation to the Company's 1H2021 results. The Company sets out below its responses to SGXRegCo's queries relating to the 1H2021 results.

1) SGXRegCo's Query

It was disclosed on page 7 that "The Company and a subsidiary had not complied with financial covenants on bank loans amounting to S\$11.3 million (31 December 2020: S\$12.5 million) and S\$9.4 million (31 December 2020: S\$15.6 million) respectively. One off waivers had been obtained from the banks for the financial year ended 31 December 2020 and the banks will conduct their next annual reviews when the Group's audited financial reports for year ending 31 December 2021 ("FY2021") is available. The banks' reserve the rights to recall the loans. Management is of the view that the lenders will not exercise their rights to recall these loans and will continue to support the Group with other banking facilities currently utilized by the Group."

Please disclose and explain the following:

- a) The Company disclosed that "The banks' reserve the right to recall the loans." Please explain if this means there is a default on the loan and if so, please disclose if the loan is material to the Company and whether the Company had complied with paragraph 8(l) of Appendix 7.1 read with Listing Rule 703(4); and
- b) Please elaborate on the basis of management's view that the lenders will not exercise their rights to recall the loan given that the Company had not complied with the financial covenants on these loans.

Company's Response:

- 1 (a) The Company had disclosed in its annual report for financial year ended 31 December 2020 that it had obtained one off waivers from the banks, which comprise two banks. Hence, there were no defaults on the loans as at 31 December 2020.

For 1H2021, the Company had been continuously engaging the banks to obtain further waivers for the above mentioned breach of covenants. The banks have informed us that their next annual reviews will take place when the Company's FY2021 audited reports are available for the banks to assess further waivers. Accordingly, there were no defaults on the loans as at 1H2021.

As at 1H2021, the aggregate amount of these loans outstanding represented 5.1% (31 December 2020: 6.9%) to the Group's total bank borrowings. Therefore, management is of the view that these loans were not material to the Group.

The Company has not received any written notice in relation to the above breach of covenants from the banks. Accordingly, as there is no default on the loans, disclosure under paragraph 8(l) of Appendix 7.1 read with Listing Rule 703(4) is not required.

- 1 (b) Management is of the view the lenders will not exercise their rights to recall the loans due to the following:
- (i) For the bank loan of S\$11.3 million, the Company had obtained a revised letter of offer from the bank in June 2021 for extension of loan repayment period by 18 months and of which the Company will be able to manage repayment. The Company has also provided additional security in the form of a second legal mortgage over a development property of the Group to the bank as per its request. The other bank loan of \$9.4m is for financing of construction projects. Balance contract billings to be billed from 30 June 2021 is estimated to be S\$60 million, will be used to progressively pay down the loan. The bank has also granted the Company in July 2021 a revised repayment terms with extension of loan maturity date by 11 months to April 2022;
 - (ii) the Company has a well-established track record of more than 40 years in construction and real estate business in Singapore;
 - (iii) Management has good business relationships with these lenders of more than 25 years' even prior to the Company's listing in 2011; and
 - (iv) The weak financial positions of the Group for FY2020 and 1H2021 were primarily due to imposition of lockdowns due to Covid-19, which has similarly affected many other businesses.

2) SGXRegCo's Query

It was disclosed on page 19 that the "increase in current and non-current trade and other payables by S\$11.9 million was mainly due to loan from a company in which certain directors have control." Please disclose whether these loans from a company in which directors have control constitute interested person transactions ("IPTs") and whether the relevant information on these IPTs has been disclosed on page 21. If not, please disclose the relevant IPT information, if applicable.

Company's Response:

Yes, the Company has announced via SGXnet on 31 May 2021 that this loan constitutes an interested person transaction. For 1H2021, the interest charged on amounts drawn down on this loan was below S\$100,000, hence, no disclosure of the interest charged was included in the IPTs on page 21. We will disclose the interest under IPTs when the interest charged accumulate to S\$100,000 and above.

BY ORDER OF THE BOARD

Yap Ming Choo
Company Secretary

Date: 23 August 2021