



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 THE SIX MONTHS ENDED JUNE 30, 2022 ("1H2022")

The Board of Directors of TA Corporation Ltd. (the "Company" and together with its subsidiaries, the "Group") refers to the queries raised by The Singapore Exchange Regulation ("SGXRegCo") on August 22, 2022 in relation to the Company's 1H2022 results. The Company sets out below its response to SGXRegCo's queries relating to the 1H2022 results.

1. SGXRegCo's Query

With reference to the going concern assumption explained at page 7 of the interim financial statements, please disclose the following:

- a. the basis of the Company's assumption that it will be able to refinance or extend the repayment date of the bank loan amounting to S\$52.0 million which is contractually due in September 2022 ("Bank Loan").
- b. the basis of the Company's view that the lender that extended the banking facility to a subsidiary of the Company ("Loan to Subsidiary"), which in turn did not comply with its financial covenants, will not exercise its right to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group.
- c. the Board's view of whether and how the Company will still be able to operate as a going concern if it is not able to refinance and extend the repayment date of the Bank Loan and the Loan to Subsidiary is recalled.

Company's Response:

- a. The refinancing application is currently being processed by one of the existing financing banks. All the pre-requisites were submitted to the bank for processing. The subsidiary has also further paid down the loan by approximately US\$12.0 million (S\$16.7 million) subsequent to the reporting date of the unaudited condensed interim financial statements. Accordingly, the Company has assumed that the subsidiary will be able to refinance or extend the repayment date of the remaining bank loan amounting to US\$26.8 million (approximately S\$36 million) as at August 26, 2022.

- b. The remaining facility in respect to this banking facility is banker's guarantee for two ongoing projects for approximately S\$7.5 million for which one of the projects has obtained Temporary Occupation Permit ("TOP") and the other is substantially completed. Loan balance from this facility has been fully repaid, in addition, the subsidiary has obtained an one-off waiver from the bank to the non-compliance to certain financial covenants in December 2021. Accordingly, the Company is of the view that the lender will not exercise its right to recall these loan and will continue to support the Group.

The banking facilities currently being utilised have been rolled over most recently in March 2022. Non-construction related loans are secured by properties for which fair values are higher than the bank loans as at June 30, 2022 while settlement of construction related loans are expected to coincide with the timing of receipts from the projects

- c. The Board is of the view that the Group will be able to operate as a going concern if it is not able to refinance and extend the repayment date of the bank loan and banking facility by utilizing the Group's internal fund and excess fund from the disposal of properties.

In addition, the Board's view on going concern is also based on the followings:

- i) The loan to be refinanced is relating to a substantially completed project and part of the development had been sold, with the loan to book ratio of approximately 35%. If the bank loan is not refinanced the Group will utilize its internal resources to repay the remaining loan while exploring with an alternative bank to refinance the loan
- ii) The breached of covenant for banking facility with S\$7.5 million Banker's Guarantee for 2 contracts are both at its advanced stage, whereby one has obtained TOP and the other is currently preparing for its TOP. Due to the advanced stage of both contracts, the risk that the lender will exercise its right to recall the facility is minimal, alternatively, the Group shall be able to obtain similar banker's guarantee from another lender if the current lender exercise its right to recall the facility;
- iii) The banking facilities currently being utilised have been rolled over most recently in March 2022. Non-construction related loans are secured by properties for which fair values are higher than the bank loans as at June 30, 2022 while settlement of construction related loans are expected to coincide with the timing of receipts from the projects
- iv) The ability of the Group to continuously generating adequate cash flows from its diversified operations and ongoing projects; and
- v) The Group has more than S\$300 million of development properties, inclusive of development property under point in time revenue recognition mentioned in (c)(i) above and a development property subsequently disposed of as disclosed in subsequent event disclosure in the June 30, 2022 unaudited condensed interim financial statements. Most of the development properties under the Group are completed or substantially completed. The Group is actively monetizing these development properties to generate adequate cash flow essentially for next twelve months from the reporting date.

2. SGXRegCo's Query

Please disclose:

- a. the breakdown and aging (in bands of 3 months) of the Group's trade and other receivables;
- b. the nature of the non-current receivables; and
- c. the Board's assessment of the recoverability of the non-current trade and other receivables.

Company's Response:

- a. (i) Trade and other receivables breakdown: -

	Group	
	As at 30 June 2022	As at 31 Dec 2021
	S\$'million	S\$'million
Trade receivables:		
- Sales of goods and services	7.7	7.9
- Property development customers	29.2	15.7
- Construction contract customers	23.6	22.6
- Others	3.9	1.2
Less: Loss allowance	(4.7)	(4.7)
	59.7	42.7
Other receivables:		
- Third parties	1.4	1.1
- Associates	53.5	55.9
- Joint ventures	31.5	31.9
Less : Loss allowance	(29.9)	(30.0)
	56.5	58.9
	116.2	101.6
Current	70.6	51.1
Non-current	45.6	50.5
	116.2	101.6

- a. (ii) Ageing for trade and other receivables: -

	Group
	As at 30 June 2022
	S\$'million
Current (not past due)	60.8
1 to 90 days past due	19.8
91 to 180 days past due	14.9
181 to 270 days past due	1.5
271 to 360 days past due	0.8
> 361 days past due	18.4
	116.2

- b. Non-current receivables are non-trade in nature. Non-current receivables are loans to associates and joint ventures companies.
- c. The Board's assessment of the recoverability of the non-current trade and other receivables is based on recommendation and assessment done by the Management. The Management assess the recoverability of the non-current other receivables periodically in accordance with the requirements of SFRS(I) 9 Financial Instruments and loss allowance for non-current other receivables are measured using lifetime expected credit losses. The Board concurred with the Management's assessment of recoverability of the Group's non-current receivables.

3. SGXRegCo's Query

It is noted that the Company recorded S\$306.3 million of development properties as at June 30, 2022. Please disclose a breakdown of these development properties, including those held for sale and those under development. For the latter, please disclose a breakdown by expected year of completion.

Company's Response:

Breakdown of development properties: -

Descriptions	Expected date of completion	Amount S\$'million
<u>Properties in Singapore</u> - Ascent @ 456 (Commercial) - 12 on Shan (Serviced apartment)	- Completed and actively marketing - Completed and subsequently disposed of on July 1, 2022	107.3
<u>Properties in Cambodia</u> - The Gateway (Commercial and residential)	- Substantially completed in FY2021	176.0 [#]
<u>Properties in Thailand</u> - De lyara Grande (Commercial and residential) - iResidence (Serviced apartment) - Multi-phased mixed development project (Commercial and residential)	- Completed and actively marketing - Completed and actively marketing - Completed* and actively marketing	23.0
		306.3

[#] inclusive of units sold but yet to transfer titles to unit buyer

* Phase 1 completed in August 2021, the remaining phases' development plans are yet to finalise.

4. SGXRegCo's Query

It is noted that the Company recorded S\$131 million of Contract Liabilities as at June 30, 2022. Please disclose the nature and provide a breakdown of these Contract Liabilities and the conditions that need be met for these to be recognized as revenue. In relation to the company's explanation that the increase in contract liabilities by S\$14 million was mainly due to progress billing for sold units of an overseas development property which revenue will be recognized when legal title is passed to buyers, please identify this development property and elaborate on the condition for revenue to be recognised only upon passing of the legal title to buyers.

Company's Response:

Breakdown of contract liabilities: -

	Group	
	As at 30 June 2022 S\$'million	As at 31 Dec 2021 S\$'million
Construction contracts	19.6	21.7
Amounts received in advance for development properties	111.3	95.2
	<u>130.9</u>	<u>116.9</u>

The revenue of the Group's overseas property developments are recognised based on point in time method upon the customer obtains control of the property such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

The development property in relation to the contract liabilities is The Gateway project in Phnom Penh Cambodia. Contract liabilities are recognised based on progress billings made to the unit buyers under the sale and purchase agreements.

BY ORDER OF THE BOARD

Tam Siew Kheong
Company Secretary

Date: August 26, 2022