

**TA CORPORATION LTD.**

(Incorporated in the Republic of Singapore)

Company Registration No.: 201105512R

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**RESPONSE TO QUERIES RAISED BY SGX REGCO IN RELATION TO THE COMPANY'S ANNOUNCEMENT ON 22 JANUARY 2024 RELATING TO THE DISPOSAL OF ITS 90% SHAREHOLDING INTEREST IN ITS SUBSIDIARY, ASTON AIR CONTROL PTE LTD**

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The Board of Directors (the “**Board**”) of TA Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to queries raised by The Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) on 22 January 2024 in relation to the Company’s announcement on 22 January 2024 (the “**Announcement**”) relating to the disposal of its 90% shareholding interest in its subsidiary, Aston Air Control Pte Ltd (“**AAC**”) (the “**Disposal**”). The Company sets out below its response to SGX RegCo’s queries.

*Unless otherwise defined, capitalized terms herein shall bear the meaning ascribed to them in the Announcement.*

**Question 1**

The Company disclosed that the Disposal was for a consideration of S\$400,000 which will result in a loss on disposal of S\$2,147 million.

- a. We note that the consideration for the Disposal amounted to only S\$400,000 and the unaudited net asset value of AAC was S\$4.9 million for 1H2023. It is unclear how the quantum of the loss on disposal, which was disclosed as S\$2,147 million has been calculated. Please explain with computations.

**Company’s response**

This is a clerical error. The loss on disposal should be S\$2.147 million, instead of S\$2,147 million. This loss was calculated based on the Group’s audited financial statements for FY2022 (as set out below):

| Impact to FY2022 NTA of TA Corp Group |  |         |                                                                      |
|---------------------------------------|--|---------|----------------------------------------------------------------------|
|                                       |  | S\$'m   |                                                                      |
| NTA of Aston as at 31 Dec 2022        |  | (4.976) | Minus Net asset leaving the group                                    |
| Release of TA Corp's group debt       |  | 2.549   | Release of commitment to the group, therefore a gain to the group    |
| Net proceeds from disposal (400-120)  |  | 0.280   | Net disposal proceeds, therefore, increase in net asset of the group |
| Net NTA reduction to the group.       |  |         |                                                                      |
|                                       |  | (2.147) |                                                                      |

The loss on disposal is the net of NTA of unaudited AAS sub-group as at 31 December 2022, which was S\$4.976 million, less the net debts of the Group owing to the AAC sub-group which was agreed to be forfeited by the Purchaser, and the net proceeds which was approximately S\$280,000. The resultant net loss is S\$2.147 million.

As further background, the Company had intended to dispose of AAC since August 2023, as the management of the Group expects AAC to continue incurring operational losses moving forward, which would consequently have an adverse effect on the financial performance and position of the Group. Further reasons for the Disposal have been set out in the Announcement.

During this period and up to the date of the SPA (18 January 2024), the offer made by the Purchaser (which was accepted by the Group) remains the best offer received by the Group for the Sale Shares. For purposes of comparison only, an earlier offer from a third party was for a consideration of S\$300,000 and furthermore, such third party did not agree to take over the existing bank guarantees provided by the Company in respect of AAC. These bank guarantees were taken over by the Purchaser as part of the Disposal, thereby releasing the Company from the guarantees.

- b. We note that the Disposal with a net asset value of S\$4.9 million was for a consideration of only S\$400,000. The Company disclosed that the consideration was arrived after taking into consideration the financial impact of allowance for doubtful receivables due from a fellow subsidiary currently under creditors' voluntary liquidation. Please quantify the doubtful receivables, disclose the name of the subsidiary and the adjusted net asset value of AAC after adjusting for doubtful debts and taking into consideration the amount that will be repaid to AAC under the liquidation process. Please also disclose whether the debts had been filed as claims under the creditors' voluntary liquidation and how much is the estimated amount that is likely to be repaid under the liquidation process.

#### **Company's response**

The subsidiary is Tiong Aik Construction Pte Ltd, which has been placed under creditors' voluntary liquidation on 16 August 2023. The total amount impaired in AAC's books is approximately S\$3.094 million:

| <b>Tiong Aik Construction Pte Ltd debt impairment</b> |  |              |
|-------------------------------------------------------|--|--------------|
|                                                       |  | S\$m         |
| Account receivables                                   |  | 1.365        |
| Work done on sites                                    |  | 1.490        |
| Retention                                             |  | 0.239        |
|                                                       |  | <u>3.094</u> |
|                                                       |  |              |

AAC has filed its claim for the full amount of approximately S\$3.094 million against Tiong Aik Construction Pte Ltd. However, the management of the Group is of the view that recovery is uncertain and has therefore not estimated for any amount to be repaid under the liquidation process.

- c. We note that the Company had recorded a net loss. In accordance with Listing Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1, or if not so provided, at the discretion of the Exchange, in which case, issuers should consult the

Exchange. Please disclose whether the circumstances in Practice Note 10.1 are applicable or otherwise, whether the Company had consulted the Exchange and if not, please comply accordingly.

**Company's response**

As the Disposal does not fall squarely within the circumstances in Practice Note 10.1, the Company will be consulting with the Exchange.

- d. In accordance with Listing Rule 1010(5), please disclose the market value of the Sale Shares, its latest available valuation, the identity of the valuer and the basis and date of such valuation.

Based on the unaudited consolidated financial statements of AAC for 1H2023, the book value and net asset value of AAC was S\$4.9 million and accordingly, the Sale Shares are valued at S\$4.41 million.

No valuation was commissioned by the Group for the Sale Shares.

**Question 2**

We note that, out of the consideration of S\$400,000, the Company expects to receive a net consideration of only S\$280,000 due to the significant estimated expenses of approximately S\$120,000. Please provide a breakdown of the S\$120,000 expenses and the identity of the persons to whom the S\$120,000 will be paid.

**Company's response**

The expenses incurred comprise mainly of professional fees, and the breakdown is as follows:

| Items / Persons                                                                                     | Amount (S\$) |
|-----------------------------------------------------------------------------------------------------|--------------|
| Financial advisory (Deloitte & Touche Financial Advisory Services Pte. Ltd.)                        | 55,000       |
| Legal and compliance (Reed Smith Resource Law Alliance)                                             | 55,000       |
| Administrative charges, including transportation, consultancy and marketing fees and office charges | 10,000       |

As mentioned in the Company's response to Question 1.a. above, the Company had intended to dispose AAC since August 2023 and the disposal process was prolonged which result in more professional and other fees being incurred. Professional fees incurred were in relation to the Disposal, as well as related services rendered since July 2023 on, *inter alia*, the review of the financial position of the Group and listing compliance, based on the time spent by the respective professionals at prior agreed rates.

**Question 3**

It was disclosed that the Purchaser is a company incorporated in Singapore and is an independent and unrelated third party. It was also disclosed that there are no conditions precedent to the Disposal and completion of the Disposal shall take place on the date falling within three (3) business days after the date of the SPA. Please disclose the names of the shareholders and directors of the Purchaser and its principal business. Please also elaborate on how the business of AAC is in line with the principal activities of the Purchaser, the identity of the person who introduced the Purchaser to the Company, how the introducer was introduced to the Company and whether any commissions were paid for the introduction.

#### **Company's response**

Based on the Bizfile search extracted from the Accounting and Corporate Regulatory Authority (ACRA) on the Purchaser on 22 January 2024 (the "**ACRA Profile**"), the shareholders and directors of the Purchaser are as follows:

| No. | Shareholders   | No. | Directors     |
|-----|----------------|-----|---------------|
| 1.  | Lim Bong Guan  | 1.  | Lim Bong Guan |
| 2.  | Ng Boon Teck   | 2.  | Koh Nui Hoon  |
| 3.  | Pui Chow Khong | -   | -             |
| 4.  | Koh Tiong Hock | -   | -             |
| 5.  | Koh Nui Hoon   | -   | -             |

Based further on the ACRA Profile, the Purchaser is primarily in the business of the wholesale trade of a variety of goods without a dominate product.

As described in the Announcement, AAC together with its subsidiaries are principally engaged in the business of contracting of air conditioning installation, maintenance and service of air conditioning and mechanical ventilation systems and export of related equipment. The Company understands that the business of AAC will complement the Purchaser's portfolio of businesses.

The Purchaser approached the Company directly. There is no introducer involved in the Disposal.

#### **Question 4**

It is noted that the agreement was signed on 18 January 2024 but was announced only on 22 January 2024. Please disclose when the Board's approval for the Disposal was signed and why the transaction was not disclosed promptly on 18 January 2024 noting that the loss of S\$2.15 million is significant when compared to the pre-tax loss of the Group of S\$12.3 million.

#### **Company's response**

Board approval for the Disposal was obtained on 18 January 2024, and the SPA was signed and Completion took place on the same day (i.e. Thursday, 18 January 2024).

The Announcement was prepared, and it took one (1) business day (Friday, 19 January 2024) to be cleared by the Board. The Announcement was thereafter released on the morning of Monday, 22 January 2024.

#### **BY ORDER OF THE BOARD**

Foo Soon Soo/Tam Siew Kheong  
Company Secretaries

Date: 25 January 2024