

**TA CORPORATION LTD.**

(Incorporated in the Republic of Singapore)

Company Registration No.: 201105512R

RESPONSE TO QUERIES RAISED BY SGX REGCO IN RELATION TO THE COMPANY'S UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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 7 March 2024 in relation to the Company's FY2023 financial statements. The Company sets out below its response to SGX RegCo's queries.

Unless otherwise stated, terms defined in the FY2023 financial statements shall have the same meaning in this announcement.

Question 1

The Company recorded an impairment loss on contract assets of S\$17.8 million and impairment loss on financial assets of S\$14.1million in FY2023.

- a. Please provide a breakdown of the impairment loss of contract assets and the respective counterparties, elaborate on the specific reasons for the impairment and disclose the basis how the Board had determined the respective impairment amounts.

Company's response

The breakdown of the impairment loss of contract assets is set out below:

	S\$'mil
Retentions	13.4
Work done but not billed	4.4
	<u>17.8</u>

The impairment loss on contract asset of S\$17.8 million is mainly related to retention monies from contract customers of Tiong Aik Construction Pte Ltd (in liquidation) ("**TAC**"). These retention monies are not expected to be collectable due to the fact that the contract customers of TAC have called on the performance bonds of TAC due to non-fulfilment of contract terms and defect liabilities warranties under the relevant construction contracts.

There is an additional S\$4.4 million which is related to various construction work done but not billed by TAC under the relevant construction contracts.

The Board had determined that the respective impairment amounts are no longer recoverable due to consequential impact from the calling of performance bonds by the abovementioned contract customers, and the non-recovery of contract assets (work done but not billed) as TAC is under Creditors' Voluntary Liquidation.

- b. The Company disclosed that the increase in the impairment loss on financial assets was due to impairment of trade receivables and amounts due from associates and joint ventures. Please provide a breakdown of the impairment losses by trade receivables and amounts due from the respective associates and joint ventures, the respective counterparties, the reasons for the impairment and the basis of the Board's opinion on the respective impairment amounts.

Company's response

The breakdown of impairment loss on financial assets as at 31 December 2023 is set out below:

	S\$'mil
Allowance for Impairment of receivable due from associates and joint ventures	5.37
Allowance for Impairment of receivable due from TAC to TA Corp Group	7.86
Others	0.92
Total	<u>14.15</u>

As disclosed in page 10 of the Company's FY2023 unaudited condensed interim financial statements, the Company had assessed the recovery of the receivables from Soon Zhou Investments Pte. Ltd. ("SZI") and its subsidiaries.

As at 31 December 2023, the value of the development properties in SZI had fallen due to the decline in the housing market in China. Accordingly, the Company has made an allowance of impairment of receivable due from associate and joint ventures for S\$5.37 million.

In addition, the Company has made an allowance for impairment of receivables of S\$7.86 million due from TAC to the Group after the deconsolidation of TAC from the Group, the Group remains doubtful of recovery of such receivables from TAC.

Question 2

The Company disclosed that Mr Neo Kian Lee, who is the sibling to Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An, have taken on the role as Project Supervisor of Credence Engineering Pte Ltd. since November 2023. Please explain whether the Company had complied with Listing Rule 704(9) and 704(10). Otherwise, please comply accordingly.

Company's response

Mr Neo Kian Lee has ceased as Site Manager of Sino Holdings Pte Ltd on 31 July 2023. An announcement relating to the cessation of this appointment has been released to SGXNET on 11 March 2024. On 1 November 2023, he was appointed as Project Supervisor of Credence Engineering Pte Ltd which is not a managerial position. Accordingly, we have corrected the information with a corrigendum announcement which has been released to SGXNET on 11 March 2024.

BY ORDER OF THE BOARD

Tam Siew Kheong
Chief Financial Officer and Company Secretary
Date: 11 March 2023