



TA CORPORATION LTD.

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

ANNOUNCEMENT

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON
THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the board of directors (the “**Board**”) of TA Corporation Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, has included a material uncertainty related to going concern in their report (the “**Independent Auditor’s Report**”) on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 (the “**Audited Financial Statements**”).

An extract of the Independent Auditor’s Report together with the extract of the relevant note to the Audited Financial Statements is annexed to this announcement.

Shareholders of the Company are advised to read the Independent Auditor’s Report together with the Audited Financial Statements of the Group in the Company’s Annual Report for the financial year ended 31 December 2023, which will be released to the SGX-ST via SGXNET in due course.

Trading of the Company’s securities on the SGX-ST had been voluntarily suspended by the Company on 17 July 2023.

Shareholders of the Company and other stakeholders are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the shares or other securities of the Company. Shareholders of the Company and other stakeholders should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Foo Soon Soo/Tam Siew Kheong
Company Secretaries

12 July 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TA Corporation Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying 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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics Applicable to Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Group's current assets amounted to \$350.3 million and its current liabilities amounted to \$348.3 million. However, the Group's current assets include development properties of \$196.1 million that may not be realisable within one year as the normal operating cycle for development properties exceeds one year.

The net current assets of the Group included Medium Term Notes of \$26.8 million reclassified from non-current liabilities to current liabilities as a result of suspension of interest payment after liquidation of a subsidiary, Tiong Aik Construction Pte. Ltd. and recognition of \$30.35 million of liabilities arising from corporate guarantees provided by the Company.

These events or conditions, along with other matters as set forth in Note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the audit addressed the matter
Deconsolidation of Tlong Alk Construction Pte. Ltd. ("TAC") (Refer to Note 6 to the financial statements) On 17 July 2023, TAC had been placed under provisional liquidation, which resulted in a loss of control over the subsidiary. In accordance with SFRS(I) 10 <i>Consolidated Financial Statements</i>, with the loss of control in TAC, the Group has to (a) assess for impairment of asset and provision for liabilities, contingent liabilities and performance bonds up till date of deconsolidation; (b) derecognise the assets and liabilities of TAC from the consolidated balance sheet; and (c) recognise the gain or loss associated with the deconsolidation. We focused on this area due to the significant degree of judgements involved in the determination of impairment of assets and completeness of liabilities before deconsolidation.	As part of our audit, we have carried out the following procedures: - Reviewed Management's assessment of loss of control over the subsidiary group with reference to the relevant supporting documents and chain of events; - Reviewed and evaluated the adequacy of Management's assessment for impairment of assets and provisions for liabilities, contingent liabilities, performance bonds and implications arising from breaches of loans, if any, on the date of deconsolidation; and - Reviewed the accuracy of consolidation entries related to the deconsolidation of the subsidiary group. We have also assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Key Audit Matter

Accounting for construction contracts
(Refer to Notes 3.2.1, 10, 24, 25 and 28 to the financial statements)

Construction projects contributed \$56.6 million of the Group's revenue for the year ended 31 December 2023. For these projects, the Group recognises revenue over time using the input method (i.e. "cost-to-cost" method).

Significant Management assumptions, judgements and estimates are required in determining the total budgeted costs for each project, which impacts percentage of completion. Also, significant judgements and estimates are required to determine the contract sum, particularly on accounting for variation orders, omissions, and any other variable considerations.

When a project is completed or likely to be completed later than contractually agreed, the Company may be held liable for liquidated damages. Provisions for onerous contracts are recognised whenever total budgeted costs exceed the contract sum on an individual project basis.

How the audit addressed the matter

We obtained an understanding of the Group's process for estimating total budgeted costs. On an individual project basis, we also:

- Obtained understanding through inspection of contracts and project documentation;
- Verified total contract sum to contracts and variation orders and recomputed revenue recognised for the current financial year based on application of the input method;
- Assessed reasonableness of total budgeted costs, including inclusion of variation orders from suppliers;
- Evaluated the adequacy of provisions of liquidated damages for delays in project completion;
- Evaluated the adequacy of provisions for onerous contracts when total budgeted costs are likely to exceed the contract sum; and
- Held discussions with Management and Contracts Department to understand status of projects and its assessments of accounting implications

We have also assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Key Audit Matter

Valuation of development properties
(Refer to Notes 3.2.2 and 11 to the financial statements)

The Group owns \$196.1 million of development properties as at 31 December 2023 which represents 30% of the Group's total assets.

The development properties are held with the intention for development and sale in the ordinary course of business and are stated at the lower of cost and net realisable value ("NRV").

Management estimated NRV by obtaining professional valuations or using actual transacted price.

For the financial year ended 31 December 2023, the Group recognised a \$6.0 million in respect of write-down of certain development property.

Specific audit focus in this area is required, as the determination of the estimated NRV of the development properties involves significant judgements and is dependent upon the Group's assessment of market demand and market prices at the reporting date on the comparable properties of the same characteristics within the same vicinity based on the independent professional valuers' (the "valuer") estimation of the fair values of the land and the developments. The valuation process is inherently subjective and involves significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

How the audit addressed the matter

In respect of valuation of the properties by the management's professional valuer, we performed the procedures as described below for "Valuation of investment properties."

In obtaining sufficient audit evidence to determine the NRV of the development properties, we:

- Discussed with Management regarding its plan and status of the Group's development properties; and
- Obtained and reviewed the valuation reports from the valuer, together with our internal valuation specialists, to evaluate the appropriateness of valuation methodologies and significant underlying assumptions used in the valuation.

For uncompleted properties, we evaluated management's estimates of total costs to completion which are based on contracted amounts and projections based on historical experience.

We have also assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Valuation of Investment properties
(Refer to Notes 3.2.3 and 14 to the financial statements)

The Group holds a portfolio of investment properties comprising commercial units and dormitory, which are primarily located in Singapore. As at 31 December 2023, the carrying amounts of the Group's investment properties are \$248.0 million, which represents 38% of the Group's total assets.

These investment properties are held for long-term rental yield and/or capital appreciation. Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers.

The valuations involve significant judgement and estimate with regards to determining appropriate valuation methods, (i) by reference to market evidence of transacted prices per square meter in the open market for comparable properties, adjusted for differences such as location, age, tenure, and size; and (ii) discounted cash flow method.

In respect of valuation of the properties by the management's professional valuer, we performed the following:

- Evaluated the independence and competence of the valuer;
- Tested the reliability of information, including underlying lease and financial information provided to the external valuers;
- Assessed the reasonableness of the discount rate, rental rate, cost per bed by benchmarking these against those of comparable properties based on information available as at 31 December 2023;
- Together with our internal valuation specialists, we reviewed and assessed the appropriateness of inputs, assumptions, and methodology used by the Management and valuer; and
- Held discussions with Management, valuer, and our valuation specialist to understand, challenge, and clarify Management's valuation.

We have also assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TA CORPORATION LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S 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 provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Tze Shiong.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

4 July 2024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Company 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 Dollar ("S\$"), which is also the functional currency of the Company. All financial information presented in S\$ have been rounded to the nearest thousand, unless otherwise statement.

The principal activity of the Company is that of investment holding.

The principal activities of its significant subsidiaries, associates and joint ventures are disclosed in Notes 16 and 17 respectively.

Going concern

The Group's current assets amounted to \$350.3 million (2022: \$341.8 million) and its current liabilities amounted to \$348.3 million (2022: \$271.0 million). However, the Group's current assets include development properties of \$196.1 million (2022: \$199.6 million) that may not be realisable within one year as the normal operating cycle for development properties exceeds one year.

Notwithstanding that the above indicates existence of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, management believes that the use of going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2023 is still appropriate. In view of these circumstances, management has prepared a cash flow forecast containing major cash inflows and outflows of the Group over the next 12 months till 31 December 2024. The key assumptions applied in the cash flow forecast are:

- (a) The Company will be able to obtain approval from its shareholders for the proposed disposal of its investment properties and development properties at an extraordinary general meeting to be convened on 25 July 2024;
- (b) The Group will be able to realise certain development properties at specified minimum values;
- (c) The Group will be able to monetize certain assets at specified minimum values;
- (d) Management believes that the banks will not demand repayment of corporate guarantees (Note 36), loans (current and non-current) (Note 20) which are revolving or repayable on demand and the banks will continue to support the Group with banking facilities currently utilised by the Group secured by properties for which fair values are higher than the bank loans as at 31 December 2023; and
- (e) Successful implementation and completion of consensual restructuring the Group's outstanding debts and businesses.

In view of the above, these condensed financial statements have been prepared on a going concern basis as the Board is of the view that the Group will be able to generate adequate cashflows from its other operations to meet the Group's working capital requirement and to operate as going concern while implementing the Group's restructuring plan and banks will not demand repayment of corporate guarantees, loans which are revolving or repayable on demand and the banks will continue to support the Group with banking facilities currently utilised by the Group secured by properties for which fair values are higher than the bank loans as at 31 December 2023.

In the event that the key assumptions set out above do not materialise, there will be material uncertainty that the Group and the Company may not be able to continue as going concern. If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities, respectively.