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**Issuer:** TA Corporation Ltd

**Stock code:** PA3

**Meeting details:**

Date: 26 May 2020

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** On pages 2 to 4 of the annual report, the chairman provided a comprehensive overview of the developments of the group in 2019 and briefly touched on the financial performance of the group.

Some of the observations, highlights and achievements included:

- TA Corporation has established itself as a reputable property and construction group, backed by over 40 years of track record in the construction business
- ... commitment to grow recurring income streams has also yielded results... the real estate investment segment has improved by 15.1% in FY2019, contributing \$22.5 million
- ... revenue improved by 47.0% to \$198.2 million in FY2019... narrowed its loss attributable to owners of the company by 25.9% from \$14.9 million in FY2018 to \$11.1 million in FY2019
- Despite headwinds in the operating environment and higher manpower costs, the Group had an active pipeline of construction projects with a strong order book of \$461.0 million, to be progressively delivered over the next few years.
- With its proven track record and reputation as a reliable building contractor... the Group's construction segment is well-placed to ride the demand, given its capability of taking on large scale commercial, industrial, institutional, and residential projects in Singapore.

It is puzzling that the executive chairman stressed on the group's 40+ years of track record, its capability and order book when the group has reported 5 years of losses. As seen in the Financial highlights (page 7, reproduced below), net asset value per share has dwindled from 46.5 cents to 31.3 cents and the group's gearing ratio has increased from 1.7x to 2.5x.



**(Source: adapted from company annual report)**

The accumulated losses over the period amounts to 15.3 cents per share. In particular, the losses from the construction segment was \$(7.8) million in FY2019 and \$(9.9) million in FY2018 (page 120 and 121).

- (i) **Has the group maintained its competitiveness in the construction sector given the influx of large, foreign construction companies into the local market?**
- (ii) **Have the newly appointed independent directors, namely Mr Fong Heng Boo (also lead independent director and chairman of the audit committee and remuneration committee) and Mr Pang Teng Tuan, reviewed the performance of management?**

- (iii) **What are management's immediate plans to improve the group's profitability?** FY2020 will likely be a challenging year for the construction sector given the COVID-19 pandemic.
- (iv) **With the group's high gearing, has management evaluated its financial position and assessed if it has sufficient liquidity to tide it over the pandemic?**

**Q2.** The group's 9,180-bed Tuas South Dormitory is one of Singapore's largest purpose-built workers' accommodation facilities. On 23 April 2020, five blocks in the 62%-owned Tuas South Dormitory at Tuas South Street was declared as isolation areas under the Infectious Diseases Act by the Ministry of Health (MOH).

- (i) **Can management help shareholders understand if the group had put in place the proper crisis/pandemic management plans prior to the outbreak in the dormitory?**
- (ii) **In particular, what were the precautionary measures taken by management to prevent the spread of COVID-19 in the dormitory?**
- (iii) **What was the level of oversight on the day-to-day running of the dormitory prior to the pandemic and now?**
- (iv) **Would management be providing shareholders with timely updates of material development at the dormitory and in all of the group's operations as part of the company's continuous disclosure obligations?**

**Q3.** As disclosed in the Statement of corporate governance, there are three employees who are related to a Director or the CEO as immediate family members whose remuneration each exceeds \$100,000 for FY2019. The table can be found on page 30 of the annual report and is reproduced below.

<b>Remuneration Bands</b>	<b>Relationship to Directors or the CEO</b>
<b>\$200,001 to \$300,000</b> Liong Cailin, Wendy	Daughter of Mr Liong Kiam Teck, and niece of Mr Neo Tiam Boon, Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An
<b>\$100,001 to \$200,000</b> Nelson Neo Tiam Chuan	Brother of Mr Liong Kiam Teck, Mr Neo Tiam Boon, Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An
Liong Chai Yin, Fiona	Daughter of Mr Liong Kiam Teck and niece of Mr Neo Tiam Boon, Mr Neo Tiam Poon, @ Neo Thiam Poon and Mr Neo Thiam An

(Source: company annual report)

The company has deviated from the Code of Corporate Governance 2018 in its remuneration disclosure and has not named the 5 executives who are key management personnel (who are not directors nor the CEO). The top three executives each received remuneration packages between \$250,001 to \$500,000.

It is not clear if Ms Liong Cailin, Wendy is in the \$250,000 to \$500,000 remuneration band as her remuneration was disclosed as \$200,001 to \$300,000.

**(i) Would the company disclose the job scope and responsibilities of Ms Liong Cailin, Wendy?**

In addition, as shown on page 36, the group carried out interested persons transactions with Prestige Resources Pte Ltd, Tac Alliance Pte. Ltd. and Matsushita Greatwall Corporation Private Limited totally \$1.03 million in FY2019. The interested persons are associates of Mr Liong Kiam Teck, Mr Neo Tiam Boon, Mr Neo Tiam Poon @ Neo Thiam Poon and Mr Neo Thiam An.

**(ii) Would the audit committee elaborate further on the nature of the transactions?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)