



TA CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 March 2011)
(Company Registration No. 201105512R)

NEWS RELEASE

TA CORPORATION RECORDS 10.9% INCREASE IN FY2017 REVENUE TO S\$215.2 MILLION

- **Gross profit rose 8.6% to S\$39.1 million**
- **Loss attributable to Owners of the Company of S\$19.4 million largely due to higher loss in fair value of investment properties and allowance for doubtful receivables**
- **Positive operating cash flow of S\$14.3 million**
- **Healthy construction order book of S\$241.0 million as at December 31, 2017, to be delivered progressively over the next three years**

Singapore, February 28, 2018 – TA Corporation Ltd (“TA Corporation”, and together with its subsidiaries, the “Group”) (长益集团有限公司), an established property and construction group, reported revenue of S\$215.2 million for the financial year ended December 31, 2017 (“FY2017”), as compared to S\$194.1 million in the previous corresponding year.

The Group’s 10.9% increase in Group revenue was supported by higher revenue contributions from the real estate investment, construction and distribution business units. Gross profit grew 8.6% from S\$36.0 million in FY2016 to S\$39.1 million in FY2017. However, the Group’s other operating expenses increased 40.8% to S\$39.6 million during the financial year under review, out of which S\$25.8 million was attributed to loss in fair value of investment properties, mainly on *Tuas South Dormitory*, and allowance for doubtful receivables. As a result, the Group reported loss attributable to Owners of the Company of S\$19.4 million in FY2017, while generating positive operating cash flow of S\$14.3 million for FY2017.

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “Despite another challenging year for the Group, our distribution business has evolved to be a key business pillar, generating a stable and growing recurrent revenue stream for the Group. We also increased revenue contribution from the real estate investment segment by achieving a higher occupancy rate for our *Tuas South Dormitory*, despite the sluggish business environment faced by our clients in the oil and gas, marine and manufacturing sectors.

“For our construction segment, the recent award of the S\$180 million building contract by JTC Corporation lifted our construction order book to S\$241 million as at December 31, 2017, and is testament to our capabilities to undertake a wide range of construction projects. We also leveraged on our experience and capabilities in the construction segment to set up a joint venture for the manufacture and supply of Prefabricated, Prefinished Volumetric Construction (PPVC) modules in Singapore and Malaysia to enhance productivity and cater to market demand ahead.”

PERFORMANCE REVIEW

Revenue (S\$' million)	FY2017	FY2016	Change (%)
Real Estate Development	28.1	34.6	(18.8)
Real Estate Investment	15.7	8.0	96.3
Construction	146.0	130.0	12.3
Distribution	25.4	21.5	18.1
Total	215.2	194.1	10.9

The real estate development segment reported revenue of S\$28.1 million for FY2017, a decrease of S\$6.5 million from S\$34.6 million recorded in FY2016. The lower sales was mainly due to a decline in revenue from project in Thailand, partially offset by revenue contributions from units sold in *Terra Villas*, *Ascent@456* and *The Cristallo* in Singapore.

The real estate investment segment saw its revenue nearly doubled year-on-year to S\$15.7 million, from S\$8.0 million posted in FY2016. This was mainly due to the higher occupancy rate from *Tuas South Dormitory* in FY2017 compared to FY2016, as the dormitory only obtained TOP for its second phase development in May 2016.

With higher progressive revenue recognition from the Group's ongoing construction projects in Singapore, the construction segment's revenue increased by S\$16.0 million to S\$146.0 million in FY2017, compared to S\$130.0 million recorded in the previous corresponding year.

In FY2017, the Group's lubricants and tyres distribution business also generated revenue of S\$25.4 million, an increase of S\$3.9 million from S\$21.5 million in FY2016. This was mainly due to higher contribution from the Group's distribution business in Myanmar.

BALANCE SHEET HIGHLIGHTS

As at December 31, 2017, the Group's net asset value per share was 37.7 Singapore cents, compared to 43.5 Singapore cents as at end of FY2016.

The Group's cash and bank balances stood at S\$84.7 million with total borrowings of S\$373.4 million as at December 31, 2017. The Group's gearing ratio as at December 31, 2017, remained healthy at 2.1 times.

OUTLOOK

The Building and Construction Authority recently projected that private residential construction demand is expected to improve from S\$9 billion in 2017 to between S\$10 billion and S\$12 billion this year. This forecast was made based on a strengthened overall economic outlook and the upturn in property market sentiment.

Mr Neo added, “While the outlook for the Singapore private residential property has turned positive, the Group will continue to be cautious while exploring real estate development business opportunities in Singapore and overseas.”

“Backed by our extensive construction competencies and proven track record, we will continue to pursue projects selectively to add to our order book and maintain our efforts to increase productivity and manage costs. We will also press on to increase the rental and occupancy rates at our dormitories despite the challenging market conditions. For our distribution business, we will continue to seize opportunities in key emerging markets in Southeast Asia, especially Myanmar.”

ABOUT TA CORPORATION

With a history that can be traced back to 1972, TA Corporation is an established property and construction group, with a growing suite of businesses in distribution as well as the provision of workers training and accommodation in Singapore and across the region, including Thailand, Cambodia, Malaysia, China, and Myanmar.

Real Estate Development

Backed by its strong competencies in the construction business since the 1970s and in-depth experience in working with established real estate developers, the Group has established a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets since more than 15 years ago. Some of its completed residential developments in Singapore include *Leonie Hill Residences, The Citrine, Parc Seabreeze, Auralis, Coralis, Starlight Suites, Gambir Ridge, The Cristallo, The Skywoods, Terra Villas* and *Ascent@456* as well as an ongoing development project, *12 on Shan*, which is expected to be granted TOP by April 2018.

The Group has also successfully ventured overseas through joint ventures in property development projects in the PRC, Thailand, and Cambodia. Its regional portfolio include distinctive mixed-use developments such as *De Iyara*, *De Iyara Share* and *De Iyara Grande* in Thailand, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia, which is currently under development and targeted to be completed by end 2019.

Construction

TA Corporation's main construction business is principally undertaken through its wholly-owned subsidiary, Tiong Aik Construction Pte Ltd, which has a track record of more than 40 years in Singapore. Over the years, the Group has built a solid reputation as a reliable building contractor with the ability to undertake a wide spectrum of projects for both public and private sector clients. Most of its past and existing customers are reputable names, including government bodies such as the URA, HDB and JTC and established real estate developers such as Allgreen Properties Ltd, CapitaLand Residential Ltd, CapitaLand Commercial Ltd, The Ascott Group, Keppel Land Realty Pte Ltd, Wheelock Properties (S'pore) Ltd, Wing Tai Holdings Ltd, Marine Blue Ladyhill (Private) Limited, Harvestland Development Pte Ltd and German European School Singapore.

Leveraging on the property and construction business demand for pre-cast components to enhance productivity, the Group's pre-cast concrete components factory in Johor, Malaysia started operations in the fourth quarter of 2015. Our customers for concrete pre-cast components include Samsung-Koh Brothers Joint Venture, Yee Hong Pte Ltd, Lian Ho Lee Construction Pte Ltd, Chong Tong Construction Pte Ltd and Hon Industries Pte Ltd who are engaged in the construction business in the residential, commercial, industrial and infrastructure segments in Singapore and Malaysia.

In November 2017, its 80%-owned joint venture, TK Modular Pte. Ltd, received in-principle acceptance for the use of its Steel Prefabricated Prefinished Volumetric Construction (“PPVC”) system – ADD Modular for building projects in Singapore from the Building and Construction Authority and relevant government agencies.

Coupled with the existing pre-cast concrete component manufacturing capabilities, this added PPVC competency will enable the Group to further enhance its productivity in construction – both for our own property development and construction projects as well as to fulfill the growing demand for solutions to improve labour productivity and operational efficiency in the construction industry.

The Group is also involved in the design, installation and maintenance of Air-conditioning & Mechanical Ventilation (“ACMV”) systems in Singapore and Cambodia.

Real Estate Investment

The Group owns and operates over 10,000 dormitory beds, which cater to foreign workers working in Singapore. This dormitory business is part of the Group’s strategy to grow its recurring income streams. The Group also owns warehouses and commercial space in Singapore for the use of its businesses and as sources of rental income.

Distribution

TA Corporation has expanded its distribution of high performance motor oil and lubricants beyond Singapore, which includes Myanmar and Thailand. The Group holds sole or exclusive distributorships for well-known brands, comprising of Shell and GS Caltex in Myanmar, BP Castrol in Singapore, and Repsol in Thailand. The Group also distributes passenger and light truck tyres under the Continental brand. In addition, the Group distributes construction equipment, heavy commercial vehicles, truck, buses and automotive spare parts in Myanmar under the CASE, IVECO and ASTRA brands.

TA Corporation was listed on the SGX Mainboard on November 21, 2011.

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