



## TA CORPORATION LTD

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

### NEWS RELEASE

#### TA CORPORATION POSTS REVENUE OF S\$32.8 MILLION FOR 1Q2018

- ***Achieved positive operating cash flow of S\$12.6 million as at March 31, 2018, supported by active working capital management***
- ***Well-positioned to seize growth opportunities in the construction sector in Singapore and distribution businesses regionally***
- ***Continue to pursue strategic business opportunities locally and regionally to expand earnings base and recurrent income***

**Singapore, May 8, 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 its financial results for the three months ended March 31, 2018 (“1Q2018”), with revenue of S\$32.8 million and loss attributable to Owners of the Company amounting to S\$1.7 million.

The Group’s 46.3% decline in topline during the quarter was mainly due to the challenging operating environment in Singapore’s residential market over the last few years, resulting in its real estate development segment not recording revenue in 1Q2018 as no units were sold compared to S\$18.6 million recognised in 1Q2017. With the lower level of progressive construction work carried out under the Group’s projects, the construction segment recorded revenue of S\$22.0 million in 1Q2018, compared to S\$31.7 million in the previous corresponding quarter.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation, said, “With the recent pick-up in sentiment in the Singapore real estate development market in light of the recent en bloc activities and government land sales tenders, construction demand is expected to be boosted in the near-to-medium term as developers gear up to launch and commence construction on projects.

“Since the commencement of our precast concrete component manufacturing plant in Malaysia in 2015, demand for our precast concrete components has been increasing with 51.0% growth in revenue contributions to S\$1.5 million in 1Q2018. Coupled with our Prefabricated Prefinished Volumetric Construction (“PPVC”) capabilities, we are well-positioned to supply precast concrete and PPVC components as well as tender for construction projects to strengthen our construction order book as the adoption of productive construction technologies gain traction in the market.”

Meanwhile, the Group’s real estate investment segment’s revenue rose 22.2% from S\$3.6 million in 1Q2017 to S\$4.4 million in 1Q2018, led mainly by the higher occupancy rate from *Tuas South Dormitory* in 1Q2018 compared to 1Q2017.

In 1Q2018, the Group’s lubricants and tyres distribution business contributed revenue of S\$6.4 million, a 9.9% decline from S\$7.1 million a year ago due mainly to lower contribution from the Group’s lubricants distribution business in Myanmar as the country’s construction and mining sectors were affected by changes in government policies. Still, the Group’s share of profit, net of tax of associates and joint ventures increased 91.5% from S\$0.2 million in 1Q2017 to S\$0.3 million for 1Q2018, attributed mainly to the higher share of profit from its joint ventures’ distribution of lubricants, tyres and commercial vehicles business in Myanmar.

Mr. Neo said, “We remain positive about our distribution business in Myanmar as the local market stabilises following the government’s policy changes. Given Myanmar’s continued strong growth potential in the construction, infrastructure, transportation and logistics sectors, our distribution subsidiaries and associates are well-positioned to benefit from growing demand for their products.”

Supported by its active working capital management, the Group generated positive cash flow from operations of S\$12.6 million as at March 31, 2018, compared to S\$11.8 million as at end of 1Q2017.

## **BALANCE SHEET HIGHLIGHTS**

As at March 31, 2018, the Group's net asset value per share was 37.3 Singapore cents, compared to 37.7 Singapore cents as at end of 1Q2017.

The Group's cash and bank balances stood at S\$73.5 million with total borrowings of S\$348.6 million as at March 31, 2018. The Group's gearing ratio as at March 31, 2018, remained healthy at 2.0 times.

## **OUTLOOK**

Based on the real estate statistics released by the Urban Redevelopment Authority on April 27, 2018, prices of private residential properties increased by 3.9% in the first quarter of 2018, compared with the 0.8% increase in the previous quarter. With regards to construction demand in Singapore, the Building and Construction Authority recently projected that private residential construction demand will increase to between S\$10.0 billion and S\$12.0 billion this year compared to S\$9.0 billion in 2017.

The Group's construction business segment is underpinned by its order book of S\$230.0 million as at March 31, 2018, to be delivered progressively over the next three years. Looking ahead, the Group will continue to pursue projects selectively to strengthen its order book and grow its pre-cast concrete components and PPVC supply business, while maintaining its efforts to raise productivity and exercising prudence in managing costs.

Mr. Neo added, “In view that the outlook for Singapore’s private residential property sector is improving gradually over the near-to-medium term, the Group will continue to selectively evaluate land acquisition opportunities in Singapore. Outside of Singapore, we will continue to tap strategic partnerships in South East Asia to expand our property development business. We will also continue to expand our network of distributorships and increase distributorships of new products regionally to grow our distribution business.”

## **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 a serviced apartment, *12 on Shan*, which obtained TOP on May 2, 2018.

The Group has also successfully ventured overseas through joint ventures in property development projects in the China, 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, 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 (2016) 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 its 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, through its subsidiaries and 50%-owned joint ventures, holds distributorships for well-known brands, comprising of Shell and GS Caltex in Myanmar, BP Castrol in Singapore, and Repsol in Thailand. It also distributes passenger and light truck tyres under the Continental brand. In addition, the Group’s joint ventures distribute 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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