



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS 1H2018 REVENUE OF S\$64.8 MILLION

- ***Loss attributable to Owners of the Company narrowed to S\$4.8 million due mainly to absence of loss in fair value of Tuas South Dormitory and lower allowance for doubtful receivables***
- ***Construction order book of S\$218.0 million¹, to be delivered progressively over the next two years***
- ***Commenced development of a mixed-use site in the Bangkok metropolitan area, Thailand, slated for completion in 2020 and secured licensee and distributorship contract to grow distribution business***
- ***Continues to pursue strategic business opportunities locally and regionally***

Singapore, August 13, 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\$64.8 million for the six months ended June 30, 2018 (“1H2018”) and narrowed its loss attributable to Owners of the Company from S\$10.9 million for the six months ended June 30, 2017 (“1H2017”) to S\$4.8 million, largely due to absence of loss in fair value of *Tuas South Dormitory*, one of the Group’s investment properties as well as lower allowance for doubtful receivables.

¹ As at June 30, 2018

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation, said, “While the operating environment remains challenging, the Group has taken strategic steps to drive growth over the medium to long term. We have commenced Phase 1 development of a new mixed-use multi-phased real estate development project, in Pathum Thani Province, part of the Bangkok metropolitan area in Thailand. Under Phase 1, a 210-unit mixed development, *De Nakarar*, and some common infrastructure works for future phases, will be developed on a 46,600 square metres freehold site and is expected to complete in 2020. In addition, our 20%-owned associate FSKH Development Pte. Ltd. acquired a 99-year lease residential site at Mattar Road under Singapore’s Government Land Sales programme in May 2018. The 6,230.2 square metres site has a maximum gross floor area of 18,691 square metres and can yield an estimated 250 units.”

“We are also set to expand our distribution business regionally with the Group’s 50%-owned joint venture Viva Energia Pte. Ltd. clinching a five-year licensee and distributor contract from Repsol Lubricantes Y Especialidades, S.A. in May this year to produce a range of Repsol branded products in Thailand. This is on top of the Group’s existing agreement to distribute lubricant products under the Repsol brand in the country. We will continue to expand our network of distributorships and increase distributorships of new products regionally to grow our distribution business. Concurrently, we will maintain our efforts to raise occupancy and rental rates of our dormitories despite the challenging market conditions.”

Performance Review

Group revenue fell 39.9% in 1H2018 due largely to lower revenue contribution from the real estate development and construction segments. In the first half of the year, the real estate development segment contributed revenue of S\$0.4 million resulting from the absence of sales of development units in Singapore and the lower revenue from project in Thailand, compared to S\$23.7 million a year ago. The Group's construction segment posted revenue of S\$43.1 million in 1H2018, against S\$63.5 million in 1H2017, which is in line with the lower level of progressive work executed under the Group's construction projects.

For the Group's real estate investment segment, revenue rose 19.7% or by S\$1.5 million from S\$7.6 million in 1H2017 to S\$9.1 million in 1H2018. This was mainly due to higher occupancy rate at the *Tuas South Dormitory*. Revenue under the Group's lubricants and tyres distribution business decreased marginally by S\$0.8 million to S\$12.2 million in 1H2018, which was attributable to lower turnover recorded in Singapore and Myanmar.

BALANCE SHEET HIGHLIGHTS

The Group's net asset value per share as at June 30, 2018, was 35.3 Singapore cents, compared to 37.7 Singapore cents as at December 31, 2017.

The Group's cash and bank balances stood at S\$38.7 million with total borrowings of S\$347.4 million as at June 30, 2018. The Group's gearing ratio as at June 30, 2018, remained healthy at 2.0 times.

To fund its growth plans, the Group issued S\$27.0 million 6.00 per cent notes due 2021 (the "Series 3 Notes") under its S\$300.0 million multicurrency medium term note programme which was established on August 28, 2013. The fixed interest rate of 6.00 per cent per annum under the Series 3 Notes is payable semi-annually in arrear and will mature on July 26, 2021. The Series 3 Notes were issued on July 26, 2018 and subsequently listed and quoted in the Bonds Market on July 27.

OUTLOOK

Based on the real estate statistics released by the Urban Redevelopment Authority on July 27, 2018, prices of private residential properties in Singapore increased by 3.4% in the second quarter of 2018, compared with the 3.9% increase in the previous quarter. Demand in the local private residential property market is expected to be dampened by the property cooling measures, which took effect on July 6, 2018.

In this regard, the Group will remain selective in pursuing land acquisition opportunities in Singapore as well as in the region. The Group has since commenced Phase 1 development of the Group's 70%-owned freehold 89,580 square metres site – *De Nakarar* will occupy 46,600 square metres – located at Pathum Thani Province in Thailand. It will continue to engage in strategic partnerships to grow its property business in existing and new markets, including Myanmar.

On the construction front, the Group remains confident of its construction business performance, which is underpinned by its order book of S\$218.0 million as at June 30, 2018, to be delivered progressively over the next two years. Moving forward, the Group will continue to pursue projects selectively to strengthen its order book, supported by its precast concrete component manufacturing capabilities and Prefabricated Prefinished Volumetric Construction (PPVC) competency.

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 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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