



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS FY2018 FINANCIALS

- ***Revenue of S\$134.8 million; Loss attributable to Owners of the Company narrowed to S\$14.9 million***
- ***Strong construction order book of S\$615.1 million¹ to be delivered progressively over the next four years***

Singapore, February 26, 2019 – 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\$134.8 million for the 12 months ended December 31, 2018 (“FY2018”) and narrowed its loss attributable to Owners of the Company from S\$18.9 million for the 12 months ended December 31, 2017 (“FY2017”) to S\$14.9 million in FY2018.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation, said, “Against the backdrop of a challenging operating environment with risk of global geopolitical uncertainty, the Group managed to narrow its loss for FY2018 compared to FY2017. Going forward, the Group will continue to focus on our core capabilities and position ourselves to target a recovery in the year ahead.

¹ As at December 31, 2018

We ended FY2018 with a substantially stronger construction order book of S\$615.1 million over the next four years, which include a building development project for JTC Corporation, private residential projects from major developers, precast concrete work for HDB projects and Changi Airport works, which will underpin our performance over the next few years. We will continue to selectively seize opportunities in the private residential construction, commercial, institutional and industrial sectors, backed by our strong track record and tested reliability over the years. Concurrently, we will maintain our efforts to continue to raise the financial performance of our dormitories despite the challenging market conditions facing our dormitories' clientele. We will continue to widen our product range and expand our geographical coverage in the neighboring region.”

“The Group remains cautious and targeted in our approach to the Singapore real estate development business. In May 2018, 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. The 6,230.2 square metres site has a maximum gross floor area of 20,560 square metres and can yield an estimated 265 units.”

“We expect sales of units from *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia, which is currently under development to contribute to our financials in the short to medium term ahead, after its targeted completion by end 2019. We have also 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, which is expected to complete by end of 2020,” added Mr Neo.

Performance Review

Group revenue declined 38.4% to S\$134.8 million in FY2018, which was mainly attributed to lower revenue contributions from its real estate development and construction segments.

The real estate development segment recorded a revenue of S\$0.8 million for FY2018, due to significantly lower contribution from both local and overseas development projects.

On the construction front, the Group recorded a revenue of S\$89.4 million in FY2018, as compared to S\$149.5 million in FY2017. This was largely due to lower revenue recognised from progressive construction work for projects.

The real estate investment segment saw an increase in revenue to S\$19.5 million in FY2018 from S\$15.7 million in FY2017, due mainly to higher contributions from *Tuas South Dormitory*. Revenue from the distribution of lubricants and tyres remained fairly stable at S\$25.1 million for FY2018.

Correspondingly, gross profit decreased by 26.4% to S\$29.1 million for FY2018 as compared to S\$39.6 million in FY2017. Gross profit margin improved from 18.1% in FY2017 to 21.6% in FY2018, led mainly by the real estate investment segment which turned in an improved financial performance in FY2018.

Other operating expenses decreased from S\$39.6 million in FY2017 to S\$12.0 million in FY2018, due mainly to lower loss in fair value of investment properties and lower allowance for doubtful receivables provided in FY2018 compared to a year ago.

The Group's net asset value per share as at December 31, 2018, was 33.3 Singapore cents, compared to 37.9 Singapore cents as at December 31, 2017.

The Group's cash and bank balances stood at S\$41.2 million with total borrowings of S\$373.0 million as at December 31, 2018. The Group's gearing ratio as at December 31, 2018, remained healthy at 2.25 times.

OUTLOOK

Based on recent real estate statistics released by the Urban Redevelopment Authority², private home prices increased by 7.9% for the whole of 2018, compared with a 1.1% increase in the previous year. Prices of private residential properties decreased by 0.1% in the fourth quarter of 2018, compared with the 0.5% increase in the third quarter. Following the government's property cooling measures in July 2018 which impacted sentiment, the Group will continue to act cautiously while exploring real estate development business opportunities both locally and overseas.

According to the Building and Construction Authority, Singapore's total construction demand in 2019 is expected to range between S\$27 billion to S\$32 billion³, compared to an estimated S\$30.5 billion awarded in 2018. The projected strong demand outlook is mainly due to sustained public sector construction demand, which is expected to be boosted by major infrastructure projects and a pipeline of major industrial building projects.

The private sector's construction demand is expected to remain steady at between S\$10.5 billion and S\$12.5 billion in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

In November 2018, the Group successfully secured three construction contracts for residential developments from major developers, worth a combined S\$422.1 million, namely the proposed residential developments in Hougang Avenue 2, Fourth Avenue and Ewe Boon Road. With its strong track record and expertise in construction, the Group remains confident of its construction business performance with its active pipeline of construction projects and continued efforts to increase productivity and manage costs.

² Release of 4h Quarter URA Real Estate Results-Urban Redevelopment Authority, January 25, 2019
<https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr19-05>

³ Singapore's total construction demand to remain strong this year-Building and Construction Authority, January 14, 2019
https://www.bca.gov.sg/newsroom/others/MR_Prospect2019.pdf

“Looking ahead, the Group remains committed to pursue strategic business opportunities in Singapore and regionally. We will continue to keep a watchful eye on the local property market to leverage on our home-ground advantage and established capabilities, as well as tap on the growth potential of our distribution business in the Southeast Asian region in Myanmar and Thailand,” added Mr Neo.

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, *Ariva on Shan Serviced Residence*, 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.

In May 2018, the Group's 20% owned associate acquired a 99-year lease residential site at Mattar Road under the Singapore Government Land Sales programme. The 6,230.2 square metres site has a maximum gross area of 20,560 square metres and can yield estimated 265 units.

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, German European School Singapore as well as Florence Development Pte. Limited (A unit of Logan Property 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 to include 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, trucks, buses, passenger vehicles and automotive spare parts in Myanmar under the CASE, IVECO ASTRA and Suzuki brands.

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

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