



## TA CORPORATION LTD

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

### NEWS RELEASE

#### TA CORPORATION REPORTS REVENUE OF S\$302.9 MILLION AND NET PROFIT OF S\$20.3 MILLION FOR FY2014

- ***Revenue rose 1.9% to S\$302.9 million due mainly to higher contributions from real estate development and distribution segments***
- ***Healthy construction order book of S\$336 million as at December 31, 2014***
- ***Proposes first and final dividend of 1.0 Singapore cent per share***

**Singapore, February 25, 2015** – 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, announced today a 1.9% increase in revenue to S\$302.9 million for the twelve months ended December 31, 2014 (“FY2014”). Profit attributable to shareholders declined 30.6% to S\$20.3 million compared to a year ago.

The lower net profit was due to a decrease in contributions from the Group’s construction segment, lower margins, higher other operating expenses mainly due to provision for impairment loss on development properties recorded during the year and increased operation costs from overseas expansion.

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “Despite the weak property market in Singapore, I am encouraged that the Group was successful in delivering a credible financial performance that reflects the resilience and strength of our business units.”

“2014 was a busy year for us as we successfully launched two new property projects: *Ascent @ 456* in Singapore and *De Iyara Grande* in Thailand; and won a S\$174.4 million construction contract for a condominium at Kim Tian Road. Our 51%-owned Myanmar unit, which holds the distribution rights for Shell’s automotive lubricant products in Myanmar, also made further headway into the country, securing the distribution rights for both Shell’s aviation lubricant products and the ‘Continental’ brand of Passenger and Light Truck tyres.

“As we continue to pursue business growth, the Group also wishes to note the continuing support of our loyal shareholders. To express our appreciation to our valued shareholders, the Board is pleased to propose a first and final dividend of 1.0 Singapore cent, which translates into a payout of approximately 22.9% of the Group’s FY2014 net profit attributable to shareholders of the Company.”

## **REVIEW OF FINANCIAL PERFORMANCE**

Group revenue for FY2014 rose by 1.9% to S\$302.9 million, backed by higher contributions from the real estate development and distribution segments, which was partially offset by slightly lower revenue recognition from the construction segment.

On a segmental basis, the real estate development segment accounted for approximately 24.8% of total revenue in FY2014. This segment achieved a 13.6% increase in revenue to S\$75.2 million for FY2014, backed by higher revenue contributions from two private residential projects in Singapore – *The Cristallo* and *Gambir Ridge*; and maiden contributions of S\$12.0 million from its first mixed development project in Thailand – *De Iyara* – which was completed and delivered to buyers during the year.

While contributions from the Group's construction segment was slightly lower at S\$212.4 million for FY2014, compared to S\$220.9 million in FY2013, this unit remains the Group's largest revenue contributor, accounting for approximately 70.1% of overall revenue. Key contributors to this segment include higher revenue from progressive work completion at the following projects: Riversails, The Skywoods, Marine Blue and Highline Residences, while the year-on-year decrease was due to lower revenue recognition from Foresque Residences, Nouvel 18 and The Sorrento as compared to the previous financial year.

The lubricants and tyres distribution segment, which comprises the Group's 100%-owned operating subsidiary in Singapore – Sino Tac Resources Pte Ltd – and a 51%-owned joint-venture unit – Que Holdings Pte. Ltd – achieved a 50.0% jump in revenue to S\$15.3 million for FY2014. This unit accounted for the balance 5.1% of total Group revenue.

Other income for the review year jumped 55.1% to S\$9.2 million, due mainly to a net gain arising from the change in the fair value of the Group's investment properties and higher interest income.

Selling and distribution costs rose by S\$1.3 million to S\$1.7 million in FY2014, due mainly to show flat costs associated with the Group's latest real estate development in Singapore - *Ascent @ 456* – as well as marketing expenses for the Group's real estate projects in Thailand.

Finance costs rose to S\$4.3 million for FY2014, due mainly to interest on the S\$75 million fixed rate term notes issued in April 2014.

Earnings per share on a fully diluted basis was 4.4 Singapore cents per ordinary share for FY2014, compared to 6.3 Singapore cents per ordinary share in the previous corresponding financial year. Net asset value per share as at December 31, 2014 was 52.6 Singapore cents, improving from 48.9 Singapore cents as at December 31, 2013.

The Group held healthy cash and bank balances of S\$116.8 million as at the end of FY2014, an increase from S\$96.3 million as at December 31, 2013. Total borrowings as at December 31, 2014 were S\$357.6 million, translating to a gearing ratio of 1.41 times.

## **OUTLOOK**

According to Urban Redevelopment Authority's fourth quarter real estate statistics, 2014 saw Singapore's private residential market record its first year of overall price decline since 2008. The fourth quarter of 2014 also saw the fifth straight quarter of price decline. The Group therefore expects the challenging outlook for the real estate market in Singapore to persist.

On the construction front, the Building and Construction Authority ("BCA") had also guided that construction demand on the private residential end is expected to moderate to approximately S\$11 billion to S\$15 billion in 2015, a significant dip from the S\$18 billion achieved in 2014.

Still, the Group remains confident of its construction segment's performance, underpinned by its order book worth approximately S\$336 million as at December 31, 2014 to be progressively delivered over the next three years.

Mr. Neo said, "Given the challenging operating environment in the property sector, TA Corporation remains focused and cautious while exploring business opportunities locally and in the region to drive growth.

In the past year, the Group has pursued growth opportunities in the distribution segment in Singapore and in fast-growing markets such as Myanmar. Together with our partners, the Group successfully secured a land tender for a 9,200-bed worker accommodation facility in Tuas. With our strong business fundamentals in our core construction business and diversification strategies, we are confident that TA Corporation is positioned strongly for long-term business sustainability."

## **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.

Backed by its competencies in the construction business and experience in working with established real estate developers, the Group has a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets. Some of its completed developments include Leonie Hill Residences, The Citrine, Parc Seabreeze, Auralis and Coralis, and major ongoing development projects include Terra Villas, Ascent@456, The Cristallo and Gambir Ridge. The Group has also successfully ventured overseas through joint-ventures in the PRC, Thailand, Cambodia and Myanmar.

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 over 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 established 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 and Wing Tai Holdings Ltd.

To further complement its property and construction business, the Group's is setting-up a concrete pre-cast components factory in Johore, Malaysia, which is expected to be operational by 2016. As part of TA Corporation's strategy to further expand its recurring income base, the Group is expanding its workers' dormitory business in Singapore, and is expected to add another 9,200 beds to its portfolio by 2016.

Since 2012, TA Corporation has also ventured into the distribution of high performance motor oil and lubricants in Singapore; and subsequently penetrated the Myanmar market for the distribution of automotive, industrial and aviation lubricants, as well as passenger and light truck tyres.

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

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ISSUED ON BEHALF OF : TA Corporation Ltd  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
55 Market Street  
#02-01  
SINGAPORE 048941  
CONTACT : Ms Chia Hui Kheng / Mr Ng Chung Keat  
at telephone  
DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9690-3841 / 9781-3605 (Handphone)  
EMAIL : [huikheng.chia@citigatedrimage.com](mailto:huikheng.chia@citigatedrimage.com) /  
[chungkeat.ng@citigatedrimage.com](mailto:chungkeat.ng@citigatedrimage.com)

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