



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION RECORDS 8.8% INCREASE IN REVENUE FOR 2Q2019

- ***Strong construction order book of S\$552.8 million, to be progressively recognised over the next three years***

Singapore, August 14, 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 an 8.8% increase in revenue to S\$44.3 million for the three months ended June 30, 2019 (“2Q2019”), compared to S\$40.7 million in the previous corresponding quarter (“2Q2018”).

The Group’s revenue growth was mainly attributable to higher revenue contributions from the construction segment and real estate investment segment, which saw an increase of S\$3.0 million and S\$0.8 million respectively. Correspondingly, the Group’s gross profit recorded an increase of 12.2% from S\$7.7 million in 2Q2018 to S\$8.6 million in 2Q2019.

In line with the higher revenue contributions from the construction segment, general and administrative expenses increased 11.4% or S\$0.5 million to S\$5.5 million in 2Q2019 as a result of higher headcount in the construction segment and salary increment. Finance costs rose 24.3% or S\$0.7 million to S\$3.8 million due mainly to higher interest rates on borrowings and lower interest costs capitalised upon completion of construction of development properties.

Meanwhile, the share of loss, net of tax of associates and joint ventures narrowed from S\$0.2 million in 2Q2018 to S\$0.1 million in 2Q2019 mainly due to lower share of loss from the Group’s joint ventures in Myanmar.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation said, “We’ll continue to place our focus on the construction business as our main revenue driver and on our overseas real estate development projects in Cambodia and Thailand. Despite headwinds in the operating environment and higher manpower costs, we have an active pipeline of construction projects with a strong order book of S\$552.8 million, to be progressively delivered over the next three years. In particular, our projects range from mixed-use industrial building development project to precast concrete work for private residential projects.”

“With our successful track record as a quality contractor for residential, industrial, commercial and institutional projects, along with our building capabilities and strong competencies, we are well-poised to ride on the strong construction demand in Singapore as we strive to secure more projects to build upon our order book for long-term sustainable growth”.

For the six months ended June 30, 2019 (“1H2019”), the Group’s revenue recorded a 3.6% increase to S\$78.4 million from S\$75.7 million in the previous corresponding period (“1H2018”). This was mainly attributable to an increase in segment revenue across the construction and real estate investment segments.

Real estate investment reported a S\$1.7 million increase to S\$10.8 million in 1H2019 due to increase in bed rate and higher occupancy rate from Tuas South Dormitory. Construction segment increased by S\$0.8 million in revenue due to higher revenue recognition from progressive construction work for projects. Meanwhile, distribution of lubricants recorded lower revenue contribution in Singapore and Myanmar during the half year under review.

As a result of the lower gross profit in 1H2019 and higher finance expenses, the Group recorded a loss before income tax of S\$5.5 million in 1H2019, compared to S\$3.1 million in 1H2018.

BALANCE SHEET HIGHLIGHTS

As at June 30, 2019, the Group's net asset value per share was 31.9 Singapore cents, compared to 33.3 Singapore cents as at December 31, 2018.

The Group's cash and bank balances stood at S\$24.8 million with total borrowings of S\$374.3 million (after netting off S\$2.1 million lease liabilities arising from adoption of FRS(I) 16 *Leases*) as at June 30, 2019. The Group's gearing ratio as at June 30, 2019, remained healthy at 2.34 times.

OUTLOOK

According to the Ministry of Trade and Industry, the Singapore economy grew by 0.1% year-on-year ("y-o-y") in the second quarter of 2019, slower than the 1.1% growth in the first quarter of 2019. The construction sector grew by 2.9% y-o-y, extending the 2.8% expansion in the previous quarter, supported by an increase in public sector construction activities¹.

The Group remains cautious and targeted in its approach to the Singapore real estate development business. Plans are in the pipeline for the Group's 20%-owned associate FSKH Development Pte. Ltd. to launch a private residential development in the third quarter of 2019 on its 99-year lease residential site at Mattar Road acquired under Singapore's Government Land Sales programme. Named *The Antares*, the 6,230.2 square metres site is expected to yield an estimated 265 units.

With regards to construction demand in Singapore, the Building and Construction Authority projected that the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion. Private residential 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 sale sites concluded prior to the second half of 2018, as well as new industrial developments².

¹ *MTI Expects GDP Growth to be "0.0 to 1.0 Per Cent" in 2019* Ministry of Trade and Industry Singapore, August 13, 2019

² *Singapore's Total Construction Demand To Remain Strong This Year – Building and Construction Authority*, January 14, 2019

Moving forward, Mr. Neo added, “The Group will continue to keep a vigilant eye on operation costs and exercise financial prudence while increasing productivity and efficiency. We will continue to strengthen our recurrent income base through our real estate development and investment business and act cautiously while pursuing strategic business opportunities and partnerships in Singapore and overseas.”

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, 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, CapitalLand Residential Ltd, CapitalLand 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, LC & T Builder (1971) Pte Ltd, Wee Hur Construction Pte Ltd, Hin Lee Contractor Trading Pte Ltd, Lian Beng Construction (1988) Pte Ltd, 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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August 14, 2019