



## TA CORPORATION LTD

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

### NEWS RELEASE

#### TA CORPORATION REPORTS 37.9% INCREASE IN 1H2021 REVENUE

- ***Lifted by higher contributions from core construction segment, supported by higher revenue recognition from progressive construction work for projects and low base effect a year ago due to the Circuit Breaker***
- ***Remains steadfast on execution of order book of S\$295.3 million as at June 30, 2021, to be delivered progressively over the next two years***
- ***Focused on realising value of properties to improve liquidity and to optimise allocation of resources***

**Singapore, August 10, 2021** – 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, today reported a revenue of S\$105.7 million for the six months ended June 30, 2021 (“1H2021”), a 37.9% year-on-year increase from S\$76.7 million in the previous corresponding period (“1H2020”).

The increase in 1H2021 revenue was supported by higher contributions from the construction segment of S\$86.7 million, an increase of S\$34.4 million from S\$52.3 million in 1H2020. The improvement in performance is attributable to the higher revenue recognised from progressive construction work for projects, as well as the low base effect as a result of the stoppage of most construction activities during the Circuit Breaker period imposed in the second quarter of 2020.

Meanwhile, contributions from the real estate investment segment stood at S\$11.6 million in 1H2021, a marginal decline from S\$11.9 million in the year ago period, despite the ongoing challenges facing the workers’ dormitory business arising from the pandemic.

Revenue for the distribution segment stood at S\$6.7 million in 1H2021, a decrease of S\$5.7 million compared to S\$12.4 million in 1H2020, primarily due to lower contribution from the lubricant business in Myanmar, which continued to be impacted by the military coup and escalating pandemic situation.

Correspondingly, the Group recorded a gross profit of S\$6.6 million in 1H2021, compared to the gross loss of S\$7.0 million in the previous corresponding period.

Other income declined to S\$2.9 million in 1H2021, compared to S\$5.0 million in the year ago period, due largely to lower grants from the Singapore government and absence of reversal of deemed interest expense on retention amounts in the period under review.

The Group's other operating expenses increased by S\$4.9 million to S\$9.7 million for 1H2021 compared to S\$4.8 million in 1H2020, due mainly to provision for loss in fair value of investment properties.

As a result of the above, net loss attributable to Owners of the Company for 1H2021 narrowed by 35.3% to S\$18.1 million over a net loss attributable to Owners of the Company of S\$27.9 million in the previous corresponding period.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation said, "The construction sector has improved compared to the low base in the first half of last year, when most construction activities were not allowed to continue due to the Circuit Breaker measures. However, it has not recovered to pre-pandemic levels. Meanwhile, the political unrest in Myanmar has also impacted the Group's distribution business."

“The road ahead for the construction sector is expected to remain challenging amid the shortage of workers, high material and related costs, additional costs to comply with safe management measures and continued delay in construction progress. TA Corporation will remain steadfast on the smooth execution of our order book of S\$295.3 million as at June 30, 2021, to be delivered progressively over the next two years, and will strive to secure more projects to build upon our order book. Against the headwinds, the Group will also adopt a conservative policy and manage our financial position with prudence. The Group will continue to focus on realising the value of our properties to improve liquidity and to optimise allocation of resources,” he added.

## **BALANCE SHEET HIGHLIGHTS**

As at June 30, 2021, the Group’s net asset value per share stood at 16.8 Singapore cents, compared to 20.6 Singapore cents as at December 31, 2020.

The Group’s cash and bank balances stood at S\$45.6 million, while its gearing ratio stood at 5.1 times as at June 30, 2021.

Subsequent to the end of the period under review, on July 30, 2021, the Group’s wholly-owned subsidiary, Sino Holdings (S’pore) Pte Ltd, entered into a conditional sale and purchase agreement with Sheng Siong Supermarket Pte. Ltd. in relation to the proposed disposal of an investment property located at the first basement level of New World Centre at Jalan Berseh. The Group will recognise net proceeds of approximately S\$16.9 million from the sale.

## OUTLOOK

Based on advanced estimates from the Ministry of Trade and Industry, Singapore's economy expanded by 14.3% year-on-year in the second quarter of 2021 ("2Q 2021"), extending the 1.3% growth from the previous quarter<sup>1</sup>. Singapore's construction sector expanded by 98.8% year-on-year in 2Q 2021<sup>1</sup>, largely due to the low base effect as a result of the Circuit Breaker measures in the year prior.

The Building and Construction Authority had earlier in January 2021 forecasted total construction demand for 2021 to be between S\$23 billion to S\$28 billion; of which preliminary data showed that S\$11.73 billion worth of construction contracts had been awarded as at May 2021<sup>2</sup>.

The Group's dormitory business continues to face challenges going forward. According to preliminary estimates from the Ministry of Manpower, non-resident employment continued its decline amid restrictions on the inflow of migrant workers which remain impacted by the pandemic<sup>3</sup>.

On the local property development front, latest statistics from the Urban Redevelopment Authority showed a 0.8% increase in the price index of the private residential market in 2Q 2021 from the preceding quarter<sup>4</sup>. The Group's 265-unit joint venture development – *The Antares* on Mattar Road has registered sales of 110 units as at June 30, 2021. Looking ahead, the Group will continue to actively market the residential development.

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<sup>1</sup> *Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021 – Ministry of Trade and Industry Singapore, July 14, 2021*

<sup>2</sup> *Forecast And Actual Construction Demand (To Date) – Building and Construction Authority, July 14, 2021*

<sup>3</sup> *Second Quarter 2021 Labour Market Advance Release – Ministry of Manpower, July 30, 2021*

<sup>4</sup> *Release of 2nd Quarter 2021 Real Estate Statistics – Urban Redevelopment Authority, July 23, 2021*

Regionally, phase 1 of the Group's property development projects in Thailand and its project in Cambodia, The Gateway, are substantially completed. The Group had adopted point in time accounting principal in recognising its overseas property development projects. It will be able to recognise revenue from the Cambodia project upon transfer of the title to its buyers.

In Myanmar, following the military coup, a one-year state of emergency was declared on February 1, 2021. It was announced in August 2021 that this has been extended to August 2023. The Group is closely monitoring developments in the political situation and its impacts on the distribution business in Myanmar.

The Group continues to stay vigilant and agile in these uncertain and difficult times. It will remain focused on realising the value of its properties, conserving cash and controlling costs to improve liquidity and achieve optimisation of allocation of resources, while taking the necessary measures to mitigate risks.

## **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*.

The Group has also successfully ventured overseas through joint ventures in property development projects in China, Thailand, and Cambodia. Its regional portfolio includes 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. The development is substantially completed.

In September 2019, the Group's 20%-owned associate FSKH Development Pte. Ltd., launched its 265-unit 99-year leasehold residential development – *The Antares* on Mattar Road.

## **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 C & T Corporations, Samsung-Koh Brothers Joint Venture, LC & T Builder (1971) Pte Ltd, Chuan Lim Construction Pte Ltd, Woh Hup (Private) Ltd, China Communications Construction Company, Wee Hur Construction Pte Ltd, Lian Beng Construction (1988) Pte Ltd, Yee Hong Pte Ltd and Lian Ho Lee Construction 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, and *Repsol* in Thailand and Singapore. 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, 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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