



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS REVENUE INCREASE OF 47.0% TO S\$198.2 MILLION IN FY2019 AND INCREASE OF 119.2% TO S\$62.2 MILLION IN 4Q2019

- ***Achieved S\$0.2 million profit attributable to Owners of the Company in 4Q2019; narrowed loss attributable to owners of the Company to S\$11.1 million for FY2019***
- ***56.3% increase in gross profit for 4Q2019 led by contributions from the construction and real estate investment business segments***
- ***Resilient order book of S\$461.0 million as at December 31, 2019, to be progressively recognised over the next three years***
- ***Improved rental and occupancy rates for Tuas South Dormitory, generating a 15.1% revenue growth for real estate investment in FY2019***

Singapore, February 27, 2020 – 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 a 47.0% increase in revenue to S\$198.2 million for the 12 months ended December 31, 2019 (“FY2019”), from S\$134.8 million a year ago (“FY2018”). Correspondingly, the Group narrowed its loss attributable to Owners of the Company to S\$11.1 million for FY2019 from S\$14.9 million in FY2018.

For the three months ended December 31, 2019 (“4Q2019”), the Group’s revenue rose 119.2% to S\$62.2 million from S\$28.4 million in the previous corresponding quarter (“4Q2018”). As a result, the Group achieved a S\$0.2 million profit attributable to Owners of the Company, as compared to a S\$4.5 million loss attributable to Owners of the Company in 4Q2018.

The Group's revenue increased by S\$33.8 million from S\$28.4 million in 4Q2018 to S\$62.2 million in 4Q2019. This was mainly due to higher revenue contributions from the construction and the real estate investment segments.

Correspondingly, gross profit increased significantly by 56.3% from S\$6.1 million in 4Q2018 to S\$9.5 million in 4Q2019.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation said, "Backed by our sound knowledge and expertise as well as our solid reputation in the core construction business, we achieved higher overall revenue for FY2019 and maintained a resilient construction order book of S\$461.0 million as at December 31, 2019. This will provide us with a steady pipeline of projects which will underpin our performance over the next few years."

"Overall, our revenue for the construction segment has achieved a significant 71.9% increase in FY2019 compared to FY2018. This is a testament to our over 40 years of tested reliability and track record as a contractor of choice for both public and private sector projects."

"Notwithstanding the macroeconomic challenges and uncertainties in the global trade environment, we have achieved a 47.0% increase in our overall revenue and correspondingly narrowed our loss attributable to owners of the company in FY2019. The Group ended 4Q2019 on a strong note having achieved a more than two-fold increase in revenue to S\$62.2 million."

"Amid the on-going global trade uncertainties and the sudden outbreak of COVID-19, we remain cautious and vigilant as the full impact on businesses and operating environment remains uncertain, given the fluid developments. We will continue to adopt a conservative policy and closely monitor the ongoing situation," Mr. Neo added.

The Group's core construction business remained the largest revenue driver, contributing 77.5% of the Group's overall FY2019 revenue. The revenue of S\$153.7 million in FY2019 recorded for this segment was a significant 71.9% or S\$64.3 million increase, compared to S\$89.4 million in the previous corresponding year. This was mainly due to higher revenue recognised from progressive construction work for the projects.

The Group's real estate investment segment recorded a revenue of S\$22.5 million in FY2019, a 15.1% or S\$3.0 million increase compared to S\$19.5 million in FY2018. This was mainly due to the improvement in rental and occupancy rates for *Tuas South Dormitory* compared to the previous year.

The distribution segment generated a revenue of S\$21.4 million in FY2019, slightly lower compared to FY2018's revenue of S\$25.1 million, due mainly to lower contribution from the Group's distribution business in Myanmar.

As a result of the Group's higher revenue, gross profit increased by 21.1% to S\$35.3 million in FY2019 compared to S\$29.1 million in FY2018.

Other operating expenses decreased to S\$11.2 million in FY2019 compared to S\$12.0 million in FY2018. This was mainly due to lower allowance for doubtful receivables and the absence of impairment loss on development properties. However, the Group recorded a net impairment loss on investment properties of S\$0.9 million in FY2019.

Overall, the Group narrowed its loss attributable to Owners of the company by 25.9% to S\$11.1 million in FY2019.

BALANCE SHEET HIGHLIGHTS

As at December 31, 2019, the Group's net asset value per share was 31.3 Singapore cents, compared to 33.3 Singapore cents as at December 31, 2018.

The Group's cash and bank balances stood at S\$32.9 million as at December 31, 2019. The Group's gearing ratio as at December 31, 2019, remained healthy at 2.49 times.

OUTLOOK

According to the latest statistics from the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 0.7% in 2019, slower than the 3.4% growth in the previous year. For 2020, the MTI downgraded its GDP growth forecast to between -0.5% and 1.5%, with growth expected to come in at around 0.5%, the mid-point of the forecast range. This was premised on a modest pickup in global growth, dampened by the outbreak of the COVID-19 which affected the growth prospects of China, Singapore and other countries around the world¹.

The Building and Construction Authority projected that the total construction demand is expected to remain strong in 2020 ranging between S\$28.0 billion and S\$33.0 billion this year, with sustained demand from public construction. Private construction demand is expected to remain steady at between S\$10.5 billion and S\$12.5 billion in 2020².

¹ *MTI Downgrades 2020 GDP Growth Forecast to "-0.5 to 1.5 Per Cent" – Ministry of Trade and Industry Singapore, February 17, 2020*

² *Singapore's construction demand for 2020 expected to remain strong – Building and Construction Authority, January 8, 2020*

On the private residential property front, latest data from the Urban Redevelopment Authority showed a 2.7% increase in the prices of private residential properties in 2019, compared to the 7.9% increase in 2018. For the whole of 2019, developers launched a total of 11,345 uncompleted private residential properties, compared with the 8,769 units in the previous year³.

Overall, with the uncertain impact of the COVID-19 outbreak and its negative impact to the local and global economy, the Group expects the residential property market in Singapore to remain challenging in the near term.

Moving forward, Mr. Neo said, “The Group remains cautious and targeted on our real estate development business in Singapore and overseas, including Cambodia and Thailand, as we continue to push sales for our development properties. At the same time, we will focus on the smooth execution of our ongoing construction projects.”

“Looking ahead, we will remain financially prudent while monitoring the macroeconomic and operating environment both locally and abroad where our business operates. We will step up on precautionary measures as we assess market developments, accordingly, taking necessary measures to mitigate risks.”

³ Release of 4th Quarter 2019 real estate statistics – Urban Redevelopment Authority, January 23, 2020

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 expected completion date for the development is extended till mid-2020, barring further escalations of the COVID-19 situation.

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, *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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