



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS FY2020 FINANCIALS

- ***Financial performance affected by slow construction progress arising from COVID-19 pandemic and higher impairment loss on investment properties***
- ***Focused on execution of construction order book of S\$373.8 million as at December 31, 2020, to be delivered progressively over the next two years***

Singapore, March 26, 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 its financial results for the 12 months ended December 31, 2020 (“FY2020”).

The Group recorded a revenue of S\$162.0 million in FY2020, a decrease of S\$36.2 million compared to S\$198.2 million in the previous corresponding year (“FY2019”), primarily due to lower revenue recorded for the construction segment, the Group’s main revenue driver for FY2020.

Revenue for the construction segment stood at S\$117.2 million in FY2020, a decrease of S\$36.5 million compared to S\$153.7 million in FY2019, due to the imposition of Circuit Breaker measures on April 7, 2020 by the Singapore government in response to the COVID-19 pandemic. Subsequent manpower disruption and the implementation of stringent safe management measures have affected construction progress and, consequently, lower revenue recognised.

The Group’s distribution segment generated a revenue of S\$22.9 million in FY2020, an increase of S\$1.5 million from S\$21.4 million in FY2019. This was mainly attributable to higher contribution from the Group’s distribution business in Myanmar.

Correspondingly, the Group recorded a lower gross profit of S\$8.1 million in FY2020, compared to S\$35.3 million in FY2019. The Group's businesses have been impacted by the COVID-19 Circuit Breaker measures and movement control measures implemented in countries where the Group operates.

Other income increased by S\$1.1 million to S\$6.7 million in FY2020 compared to S\$5.6 million in FY2019, mainly due to grants from the Singapore government.

The Group's other operating expenses increased by S\$22.8 million to S\$33.6 million in FY2020 compared to S\$10.8 million in FY2019 principally due to higher impairment loss on investment properties.

BALANCE SHEET HIGHLIGHTS

As at December 31, 2020, the Group's net asset value per share was 20.6 Singapore cents, compared to 31.3 Singapore cents as at December 31, 2019.

The Group's cash and bank balances stood at S\$54.9 million as at December 31, 2020. The Group's gearing ratio as at December 31, 2020, stood at 4.2 times.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation said, "It was a very difficult FY2020 for TA Corporation and we are cognisant of the impending challenges ahead. With the resumption of construction activities, we will continue to focus on the execution of our construction order book of S\$373.8 million as at December 31, 2020, to be delivered progressively over the next two years. We will also actively look to strengthen our order book given the progressive recovery in construction demand in Singapore."

OUTLOOK

According to statistics from the Ministry of Trade and Industry (“MTI”), Singapore’s economy contracted by 5.4% in 2020, a reversal from the 1.3% growth recorded in 2019. In terms of GDP growth forecast, the MTI maintained its GDP growth forecast at 4.0% to 6.0% for 2021.

Singapore’s construction sector contracted by 35.9% in 2020, a sharp retraction from the 1.6% growth posted in 2019 weighed down by weaknesses in both public sector and private sector construction works¹.

The Building and Construction Authority (“BCA”) expects construction demand to recover progressively, and forecast S\$23 billion to S\$28 billion worth of construction contracts to be awarded in 2021. Of which, the public sector is expected to drive demand with projected contributions of between S\$15 billion and S\$18 billion. Private sector construction demand is projected to be between S\$8 billion and S\$10 billion in 2021². In the near term however, demand is not expected to return to pre-COVID-19 levels as investors are likely to remain cautious.

On the local property development front, latest statistics from the Urban Redevelopment Authority showed that for the whole of 2020, developers launched 10,833 units for sale and sold 9,982 units, compared to 11,345 units launched and 9,912 units sold in 2019. For the whole of 2020, prices of private residential properties increased by 2.2%, compared with the 2.7% increase in 2019³. Moving forward, the Group will focus on pushing sales for its 265-unit 99-year leasehold residential development – *The Antares* on Mattar Road, launched by the Group’s 20%-owned associate FSKH Development Pte. Ltd. in September 2019.

¹ *MTI Maintains 2021 GDP Growth Forecast at “4.0 to 6.0 Per Cent” – Ministry of Trade and Industry Singapore, February 15, 2021*

² *Public Sector Construction Demand to Support the Sector’s Recovery – Building and Construction Authority, January 18, 2021*

³ *Release of 4th Quarter 2020 real estate statistics – Urban Redevelopment Authority, January 22, 2021*

The Group's ongoing overseas property development projects in Thailand and Cambodia are both targeted to be completed by second quarter of 2021, despite disruptions caused by the COVID-19 pandemic. The Group will be able to recognise revenue from these projects upon the handover of sold units to buyers.

The Group's dormitory business is expected to remain challenging. The Singapore government's impending new safe management measures for dormitories are likely to be imposed in 2021.

In Myanmar, a one-year state of emergency was declared on February 1, 2021 following the military coup, and the political situation continues to evolve and remains unclear at this point in time. Business disruptions and economic slowdown are expected, compounding the challenges brought about by the COVID-19 pandemic. As the situation evolves, the Group is keeping a close eye on the developments and its impact on its distribution business in Myanmar and at the same time, ensure the utmost safety of our staff in Myanmar.

Given the very challenging outlook for the Group's core businesses, the Group will continue to stay vigilant and agile to navigate these uncertain and difficult times. Moving forward, the Group will remain focused on cash conservation and cost control, and exercise caution when exploring business opportunities locally and overseas.

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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. 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, and full completion is expected in 2Q2021, 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 Corporation, 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 Kim Seng Heng Engineering 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 Singapore and 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, 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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