



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION POSTS REVENUE OF S\$214.8 MILLION FOR 9M2015

- *Core businesses remain profitable despite weak property market sentiment with gross profit of S\$30.0 million*
- *Reported net loss of S\$26.4 million due mainly to impairment charges and provisions amounting to S\$33.7 million in view of the weak property market in the PRC and Singapore*
- *Upcoming Singapore launch of “The Gateway”, a landmark 39-storey mixed-development in Phnom Penh, Cambodia, in the fourth quarter of 2015*
- *New impetus for growth with 9,200-bed worker’s dormitory slated for completion ahead of schedule by early 2016*

Singapore, November 6, 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, today reported its financial results for the nine months ended September 30, 2015 (“9M2015”).

The Group posted a loss attributable to owners of the Company of S\$26.4 million, due mainly to impairment charges and provision for doubtful receivables for the Group’s investment in real estate developments in Dalian, the People’s Republic of China (the “PRC” or “China”) and Singapore. These impairments, which amounted to S\$33.7 million, were made in view of the weak real estate market conditions in Dalian, China, and Singapore.

Notwithstanding a challenging operating climate, the Group remained resilient with 9M2015 revenue stable at S\$214.8 million. The Group's real estate development and distribution segments contributed higher income during the review period, while contributions from the construction segment came in slightly lower due to lower progressive construction work recognised.

The Group achieved a gross profit of S\$30.0 million for 9M2015, representing a 16.0% decrease from S\$35.7 million a year ago. The corresponding gross profit margins were 14.0% in 9M2015 and 16.6% in 9M2014.

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “Our financial performance was impacted by the prevailing weaknesses in the property markets in Singapore and Dalian, China. While the adverse industry conditions have dragged down our profitability in 2015, our underlying business fundamentals remain strong, with significant progress made in the growth and diversification of our revenue streams.”

“Our strategic diversification into the distribution business in 2012 continues to bear fruit with higher revenue and expanding distributorship arrangements across key regional markets, including Singapore, Myanmar and Thailand. For our property business, our strategic expansion into the Southeast Asia markets are on track with an upcoming launch of the Group's first large-scale, high rise commercial cum residential mixed-use development, “The Gateway”, in Phnom Penh, Cambodia and through further acquisition of land banks for property development via joint-ventures with our local partner in Thailand. I am also pleased to update that our 9,200-bed worker dormitory, Tuas South Dormitory, in Singapore is set to be completed ahead of schedule, by early 2016.”

“As these growth initiatives progressively come to fruition over the next few years and as the current weak cycle for the Singapore and Dalian property markets turn positive eventually, I am confident that TA Corporation will emerge from this downturn on a stronger and more competitive footing.”

REVIEW OF FINANCIAL PERFORMANCE

| Revenue (S\$' million) | 9M2015 | 9M2014 | Change (%) |
|-------------------------|--------------|--------------|-------------|
| Real Estate Development | 58.0 | 52.3 | 10.9 |
| Construction | 143.8 | 151.4 | (5.0) |
| Distribution | 13.0 | 11.1 | 17.1 |
| Total | 214.8 | 214.8 | N.M. |

On a segmental basis, revenue contributions from the real estate development business grew 10.9% to S\$58.0 million in 9M2015, backed by higher contributions from two on-going projects in Singapore: The *Gambir Ridge* private residential development in Gambir Walk, and *Ascent @ 456*, a retail/residential mixed development located in the Balestier area. The handover of sold units to buyers at the Group's mixed-development joint-venture projects in Thailand also contributed S\$9.4 million in revenue during the period under review.

The lubricants and tyres distribution business¹ achieved a 17.1% jump in revenue to S\$13.0 million, from S\$11.1 million a year ago, mainly supported by the Group's growing operations in Myanmar.

The construction business contributed the remaining S\$143.8 million of Group revenue in 9M2015, from S\$151.4 million in 9M2014. Revenue from the construction business was backed by progressive work completion at the Group's seven private residential projects in Singapore, namely *The Skywoods*, *Highline Residences*, *Riversails*, *Marine Blue*, *The Sorrento*, *Nouvel 18* and *Foresque Residences*.

Selling and distribution costs decreased to S\$0.5 million in 9M2015, from S\$1.6 million a year ago, due mainly to the absence of show flat costs as there were no new launches during the review period. Finance costs were S\$4.4 million in 9M2015, an increase from S\$2.8 million in the corresponding financial period, due largely to accrued interest cost on the S\$75.0 million fixed rate medium term notes issued in April 2014.

¹ Comprises the Group's 100%-owned operating subsidiary in Singapore – Sino Tac Resources Pte Ltd – and a 51%-owned subsidiary – Que Holdings Pte. Ltd

Other operating expenses increased to S\$40.8 million for 9M2015, compared to S\$3.7 million a year ago. The increase was due mainly to provisions for doubtful receivables of S\$17.8 million due from its associate Dalian Shicheng Property Development (S) Pte Ltd (“DLSC”), which operates real estate development business in the PRC, and S\$4.8 million full write-down in the Group’s remaining carrying cost of investment in DLSC. In light of the weak property market in Singapore, the Group also made provisions for impairment loss of S\$8.1 million on two of its Singapore development properties, and an additional S\$3.0 million in doubtful receivables due from one of the Group’s associates engaged in private residential property development in Singapore. Other contributors to the higher other operating expenses included a loss in fair value on investment properties of S\$0.9 million and loss on foreign exchange of S\$0.7 million.

As a result of the above, the Group reported a net loss of S\$26.4 million in 9M2015, compared to a net profit of S\$17.6 million in 9M2014. The Group’s net asset value per share as at September 30, 2015 was 45.9 Singapore cents, compared to 52.6 Singapore cents as at December 31, 2014.

The Group maintained healthy cash and bank balances of S\$76.2 million as at September 30, 2015 with total borrowings amounting to S\$371.6 million. The Group’s gearing ratio as at September 30, 2015 is 1.7 times.

OUTLOOK

The outlook for the construction sector is expected to remain challenging in light of reduced construction demand due to the slower private residential property market in Singapore, as well as the tightening of labour resources and rising costs amid intensified market competition.

In view of the challenging business environment, it is the Group's strategy to maintain a sharp focus on financial prudence, while leveraging TA Corporation's reputation as an established developer and contractor of choice to pursue strategic business opportunities in Singapore and the region. The Group's earnings over the next 24 months is also expected to be supported by a healthy construction order book of S\$212.0 million as at September 30, 2015.

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, Coralis and The Cristallo, and major ongoing development projects include Terra Villas, Ascent@456 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.

TA Corporation is also engaged in the distribution of high performance motor oil and lubricants in Singapore, Thailand and across the region. It also distributes automotive, industrial and aviation lubricants, passenger and light truck tyres as well as truck, buses and automotive spare parts in Myanmar.

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

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