



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION'S REVENUE JUMPS 70.1% TO S\$61.0 MILLION IN 1Q2017

- ***Revenue growth led mainly by higher contributions from real estate development and real estate investment segments***
- ***Gross profit up 88.0% to S\$12.1 million***
- ***Gross margin improved to 19.8%***
- ***Construction business supported by order book of S\$154 million¹***
- ***Pursuing strategic business opportunities locally and in the region***

Singapore, May 12, 2017 – 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 70.1% jump in revenue to S\$61.0 million for the three months ended March 31, 2017 (“1Q2017”), from S\$35.8 million a year ago (“1Q2016”), boosted by revenue growth across all its business segments, in particular real estate development and real estate investment.

In line with revenue growth, the Group’s gross profit rose 88.0% to S\$12.1 million in 1Q2017. Other income declined S\$5.1 million during the quarter under review, mainly due to the absence of reversal of impairment loss on development property and absence of reversal of allowance for doubtful receivables. Selling and distribution costs increased by S\$0.7 million to S\$0.9 million in 1Q2017, due mainly to show-flat costs expensed off in the current period upon launch of a development project, *12 on Shan*. As a result, the Group reported a 31.4% dip in profit attributable to Owners of the Company to S\$1.6 million compared to S\$2.4 million a year ago.

¹ As at March 31, 2017

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “Despite the challenging overall operating environment, we are pleased to kick off 2017 with strong topline contributions from the real estate development segment and real estate investment segment. In particular, we are encouraged by the higher occupancy rate of our *Tuas South Dormitory* in 1Q2017 since it started business operations in January 2016. We expect further development in the Tuas area due to the construction of port facilities, improved connectivity upon the opening of the new expressway Tuas Viaduct and Tuas West MRT extension to further drive healthy growth of Tuas South Dormitory. The Group’s regional distribution business in lubricants and tyres also saw good growth of 20.3%, mainly contributed by Myanmar.”

“With higher contributions from the real estate investment segment and distribution segment, the Group is well-positioned to benefit from stable and growing recurring income streams from these two businesses. To drive growth, we will continue to exercise financial prudence while pursuing strategic business opportunities locally and in the region.”

PERFORMANCE REVIEW

Revenue (S\$' million)	1Q2017	1Q2016	Change (%)
Real Estate Development	18.6	4.5	313.3
Real Estate Investment	3.6	0.8	350.0
Construction	31.7	24.6	28.9
Distribution	7.1	5.9	20.3
Total	61.0	35.8	70.1

The real estate development business reported revenue of S\$18.6 million in 1Q2017, an increase of S\$14.1 million compared to S\$4.5 million a year ago, due mainly to revenue contributions from units sold in *Terra Villas* and *Ascent@456* in Singapore.

The higher occupancy rate of the Group's *Tuas South Dormitory* contributed to higher revenue from the real estate investment segment, which recorded revenue of S\$3.6 million during the review quarter – an increase of S\$2.8 million compared S\$0.8 million in 1Q2016.

Revenue from the Group's construction segment increased by S\$7.1 million to S\$31.7 million in 1Q2017, compared to S\$24.6 million in the previous corresponding period. This was largely due to higher progressive revenue recognition from the Group's ongoing construction projects in Singapore.

Supported by higher contributions from the Myanmar market, the Group's lubricants and tyres distribution business² saw contributions grow 20.3% to S\$7.1 million in 1Q2017, from S\$5.9 million a year ago.

BALANCE SHEET HIGHLIGHTS

The Group's net asset value per share as at March 31, 2017 was 43.7 Singapore cents, compared to 43.5 Singapore cents as at December 31, 2016.

As at March 31, 2017, the Group's cash and bank balances stood at S\$77.1 million with total borrowings of S\$357.1 million. The Group's gearing ratio as at March 31, 2017 remained a healthy 1.7 times.

OUTLOOK

According to Urban Redevelopment Authority's latest real estate statistics released on April 28, 2017, prices of private residential properties decreased by 0.4% in 1Q2017, compared to the 0.5% decline in the preceding quarter ("4Q2016"). On the construction front, the Building and Construction Authority ("BCA") guided that private residential construction demand in Singapore is projected to stay between S\$8.0 billion and S\$11.0 billion in 2017 compared to S\$10.3 billion in 2016.

² *Comprises the Group's 100%-owned operating subsidiary in Singapore – Sino Tac Resources Pte Ltd – and a 51%-owned subsidiary – Que Holdings Pte. Ltd.*

Despite the challenging outlook for private residential construction demand, the Group remains confident of its construction segment's business performance, underpinned by an order book of S\$154 million as at March 31, 2017 to be progressively delivered over the next three years.

On March 30, 2017, the Group announced a proposed renounceable underwritten rights issue of up to 120,567,589 warrants ("Warrants" and each, a "Warrant") at an issue price of S\$0.003 for each Warrant, on the basis of one Warrant for every four existing ordinary shares in the capital of the Company ("Shares") held by shareholders of the Company as at the books closure date to be determined by the Directors, fractional entitlements to be disregarded (the "Rights Issue"). Each Warrant will entitle the holder to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.28 for each New Share, subject to the terms and conditions of the Warrants.

The Directors believe that the proceeds arising from the Rights Issue and through the exercise of the Warrants (as and when exercised), will expand and strengthen the capital base of the Company, provide additional resources for business expansion and diversification of income streams within the Southeast Asia region, and confer additional financial flexibility on the Company and enable it to respond proactively to strategic business opportunities and working capital requirements.

Mr. Neo said, "The Group's efforts to diversify our business locally and in the region have started to pay off, as evidenced by the growing recurring revenue contributions of our distribution and real estate investment business segments. We will continue to prudently explore strategic business opportunities in Singapore and regionally, as appropriate."

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*, *Starlight Suites*, *Gambir Ridge*, *The Cristallo*, *The Skywoods*, *Terra Villas*, and *Ascent@456* as well as ongoing development project *12 on Shan*. The Group has also successfully ventured overseas through joint-ventures in property development projects in the PRC, 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.

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.

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.

The Group has completed construction of the 9,180-bed *Tuas South Dormitory* in Singapore, which commenced business operations in 2016.

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

TA Corporation, through its subsidiaries, is also engaged in the design, installation and maintenance of air conditioning and mechanical ventilation systems (“ACMV”) in Singapore and Cambodia.

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

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