



## TA CORPORATION LTD

(Incorporated in the Republic of Singapore)

Co. Registration No. 201105512R

### ANNOUNCEMENT

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#### COMPANY'S RESPONSE TO SGX'S QUERIES ON ANNOUNCEMENT IN RELATION TO THE UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (THE "2Q2017")

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The Company sets out below its response to SGX's queries relating to the results announcement.

1. **As Listing Rule 705(2) requires the Company to announce its quarterly results, please disclose the items in Sections 1(a)(ii) and 1(c) for 2Q2017 and 2Q2016 and provide the accompanying commentary including factors that resulted in the following:**

- a. **decrease in revenue by S\$5.7 million (or 10.8%) to S\$46.8 million;**

The Company recorded lower revenue for 2Q2017 compared to 2Q2016 by 10.8% to S\$46.8 million mainly due to lower revenue recognised from construction and real estate development segments by S\$6.1 million and S\$1.4 million respectively, partially offset by marginal increase in revenue from real estate investment segment by S\$1.8 million.

The decrease in revenue for construction was mainly due to the absence of revenue recognised for completed projects which include Riversails, Marine Blue and The Skywoods, partially offset by higher incremental progress of construction work for on-going projects - Highline Residences and German European School Singapore.

The decrease in revenue for real estate development was mainly due to lower revenue contributed from projects in Thailand and the absence of revenue recognised in 2Q2017 for Ascent@456 which obtained TOP in 1Q2017.

The increase in revenue for real estate investment was mainly due to higher occupancy in Tuas South Dormitory.

- b. **decrease in gross profit by 18.4% to S\$8.3 million;**

The decrease in gross profit by 18.4% to S\$8.3 million was in line with the decrease in revenue for 2Q2017 compared to 2Q2016.

- c. **share of loss (net of tax) of associates and joint ventures of S\$0.3 million in 2Q2017 as compared to share of profits (net of tax) of S\$3.8 million in 2Q2016; and**

The share of loss (net of tax) of associates and joint ventures of S\$0.3 million in 2Q2017 as compared to share of profits (net of tax) of S\$3.8 million in 2Q2016 was due mainly to lower share of profit from an associate which developed The Skywoods which was completed in 2016.

- d. the loss in fair value of investment properties in 2Q2017 of S\$15.1 million, despite the higher occupancy rate from the Tuas South Dormitory.

The value of the dormitory ties closely with the performance of the property. Variables such as rental income, operating expenses, occupancy rate, balance lease period and expected return will impact on the value. For 2Q2017, only occupancy rate have improved with other variables decreasing or stable, hence resulted in the lower value in 2Q2017.

2. Please elaborate on the factors which resulted in the increase of trade and other receivables of S\$11.7 million to S\$104.1 million as at 30 June 2017. Please provide the breakdown and ageing schedule.

Trade and other receivables recorded under current assets of S\$104.1 million as at 30 June 2017 was 12.7% higher compared to S\$92.4 million as at 31 December 2016. Major components of trade and other receivables are as follows:

	30 June 2017 (S\$'M)	31 December 2016 (S\$'M)	+/(-)
<b>Trade receivables</b>			
Sales of goods and services	7.1	6.1	1.0
Property development customers	19.5	14.2	5.3
Construction contract customers	33.4	32.1	1.3
Retention monies on contract work	24.8	26.8	(2.0)
Associates	-	0.9	(0.9)
Joint venture	3.5	1.2	2.3
<b>Other receivables</b>			
Associates	2.8	2.9	(0.1)
Joint ventures	11.0	6.3	4.7
Others	2.0	1.9	0.1
<b>TOTAL</b>	<b>104.1</b>	<b>92.4</b>	<b>11.7</b>

Major increases were due to the following reasons:

- (i) higher receivables from property development customers as at 30 June 2017 were mainly due to remaining sales consideration not due for collection on completed development properties sold - Terra Villas and Ascent@456;
- (ii) trade receivables from sales of goods and services have increased by S\$1.0 million is in line with the increase in revenue of distribution for lubricant business;
- (iii) increase in trade receivables from construction contract customers of S\$1.3 million were mainly due to higher contract work-in-progress yet to be billed.
- (iv) increase in trade receivables from a joint venture of S\$2.3 million is in line with the increase in revenue for the lubricant distribution business in Myanmar; and
- (v) additional loans were made to joint ventures involved in the distribution of vehicles and lubricant business in Myanmar amounting to S\$4.7 million for their working capital purposes.

The table below is an aging analysis of the trade and other receivables:

	30 June 2017 (S\$'M)	31 December 2016 (S\$'M)
<b>Not past due and not impaired</b>	<b>87.8</b>	<b>86.8</b>
<b>Past due but not impaired</b>		
< 3 months	10.2	3.8
3 months to 6 months	5.3	0.6
6 to 12 months	0.3	0.3
> 12 months	0.5	0.9
	<b>16.3</b>	<b>5.6</b>
<b>TOTAL</b>	<b>104.1</b>	<b>92.4</b>

**3. We refer to Section 13 of the announcement. Please explain why Prestige Resources Pte Ltd is considered an interested person, giving consideration to Listing Rule 904(4).**

Prestige Resources Pte Ltd is a wholly-owned subsidiary of SinoTac Group Pte. Ltd. SinoTac Group Pte Ltd is collectively owned by the Company's four executive directors namely Liong Kiam Teck, Neo Tiam Boon, Neo Tiam Poon @ Neo Thiam Poon and Neo Thiam An totaling 97.18% with the remaining 2.82% owned by their brother.

Hence Prestige Resources Pte Ltd is considered an interested person in accordance with Rule 904(4).

BY ORDER OF THE BOARD

Yap Ming Choo  
Company Secretary

Date: 22 August 2017