



TA CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 March 2011)

(Company Registration No. 201105512R)

NEWS RELEASE

TA CORPORATION POSTS FY2016 REVENUE OF S\$194.1 MILLION

- **4Q2016 profit attributable to Owners of the Company increased by 20.0% to S\$3.2 million, compared to 4Q2015, a turnaround from the loss of about S\$10.0 million in 3Q2016**
- **Distribution segment revenue jumped 23.4% to S\$21.6 million, accounting for 11.1% of Group revenue**
- **Healthy construction order book of S\$171 million as at December 31, 2016**
- **Declares first and final dividend of 1.0 Singapore cent per share**
- **Continued focus on diversification growth and regional expansion**

Singapore, February 23, 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 that the Group had narrowed its loss attributable to Owners of the Company to S\$6.7 million for the financial year ended December 31, 2016 (“**FY2016**”), compared to a loss of S\$23.9 million in the financial year ended December 31, 2015 (“**FY2015**”). For the three months ended December 31, 2016 (“**4Q2016**”), the Group reported profit attributable to Owners of the Company of S\$3.2 million, a 20.0% increase from S\$2.6 million for the same quarter in the preceding year (“**4Q2015**”).

Group revenue decreased 29.8% to S\$194.1 million in FY2016, compared to S\$276.7 million registered a year ago. For 4Q2016, Group revenue decreased from S\$61.9 million posted in 4Q2015 to S\$55.6 million this quarter. This was due mainly to lower contributions recognised from the construction and real estate development and investment segments, partially offset by higher revenue from the Group’s distribution business.

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “FY2016 was indeed a challenging year for the Group, given the tough operating environment in Singapore. Nonetheless, our strategy to diversify our business and expand regionally is showing positive results. Since our diversification into the distribution business in 2012, the distribution of lubricants and related products, tyres, trucks, buses, vans and other commercial vehicles business has evolved into a growing revenue driver for TA Corporation, with distributorships across key regional markets, including Singapore, Myanmar and Thailand.”

“The Group was also able to move forward in our overseas property development markets, with the handover of our real estate project units in Thailand and the regional launch of our first large-scale, mixed-use development ‘The Gateway’ in Phnom Penh, Cambodia. Response to this iconic development has been encouraging, with approximately 33.0% of residential units and 45.0% of office units sold and reserved to-date. Our progress in Cambodia is reflective of our ability to seek growth amidst an unfavourable operating landscape.”

“To show our strong appreciation to our valued shareholders who have continued to support TA Corporation despite these challenging times, we are pleased to announce a first and final dividend of 1.0 Singapore cent. Shareholders will have the flexibility to opt to receive their dividends in either scrip or cash,” added Mr. Neo.

REVIEW OF FINANCIAL PERFORMANCE

Revenue (S\$' million)	FY2016	FY2015	Change (%)
Real Estate Development	42.6	76.1	(44.0)
Construction	129.9	183.1	(29.1)
Distribution	21.6	17.5	23.4
Total	194.1	276.7	(29.9)

On a segmental basis, the real estate development business contributed revenue of S\$42.6 million in FY2016, a decrease from S\$76.1 million a year ago. This was mainly due to the absence of revenue contribution from a project which achieved Temporary Occupation Permit (“**TOP**”) in December 2015 and lower contributions from ongoing projects. The Group’s overseas development projects contributed revenue of S\$10.5 million in FY2016 upon the completion and handover of sold units to buyers.

Revenue from the construction business accounted for S\$129.9 million in FY2016, compared to S\$183.1 million in FY2015, due to lower progressive work completed for the Group’s ongoing construction projects.

Meanwhile, the distribution business segment¹ achieved a 23.4% jump in revenue to S\$21.6 million from S\$17.5 million a year ago, attributable to growing contributions from the Group’s operations in Myanmar.

In line with lower revenue, gross profit decreased 10.9% to S\$36.0 million for the current period compared to S\$40.4 million in FY2015. Other income declined by S\$19.0 million to S\$6.0 million due mainly to the absence of gain in fair value on investment properties mainly from the Tuas South Dormitory.

Selling and distribution costs for FY2016 increased 30.0% to S\$1.1 million, due largely to the showflat costs incurred during the review period.

General and administrative expenses increased 13.5% to S\$18.5 million mainly due to cost incurred for operating the Tuas South Dormitory, which commenced operations in 2016, higher personnel cost for real estate and air-conditioning and mechanical ventilation system business in Cambodia and travelling cost for overseas business development.

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 decreased by 53.2% to S\$28.2 million for FY2016, compared to S\$60.1 million a year ago. The decrease was due mainly to the absence of impairment loss on development properties and lower provision for doubtful receivables as compared to FY2015. The decrease was partially offset by the loss in fair value on investment properties mainly from the Tuas South Dormitory.

The Group's net asset value per share as at December 31, 2016 was 43.5 Singapore cents, compared to 46.5 Singapore cents as at December 31, 2015.

The Group's cash and bank balances continue to be healthy at S\$91.5 million as at December 31, 2016 with total borrowings of S\$365.4 million. The Group's gearing ratio as at December 31, 2016 is stable at 1.7 times.

OUTLOOK

On the construction front, the Building and Construction Authority ("**BCA**") has indicated that private sector construction demand is likely to remain subdued and is projected to stay between S\$8.0 billion and S\$11.0 billion this year². Notwithstanding the above, the Group remains positive of its construction segment's performance underpinned by its order book of S\$171 million as at December 31, 2016, to be delivered progressively over the next two years as well as its continued efforts to increase productivity and manage costs.

The 4th Quarter 2016 Urban Redevelopment Authority's ("**URA**") real estate statistics revealed that prices of private residential properties decreased by 0.5% in 4th Quarter 2016, continuing with the 1.5% decline in the previous quarter. In 2016, prices of private residential properties fell by 3.1%, compared with the 3.7% decline in 2015³.

² https://www.bca.gov.sg/newsroom/others/PR_Prospect2017.pdf

³ <https://www.ura.gov.sg/uol/media-room/news/2017/Jan/pr17-06>

The Group expects the challenging outlook for the Singapore private residential property market to persist. Its dormitory business, which obtained TOP for the second phase of its Tuas South Dormitory in May 2016, was impacted by the worsening conditions of the offshore and marine and the manufacturing segments that have seen many companies reducing headcount. In these challenging market conditions, the Group will continue its effort to increase the occupancy rate in its dormitories.

Commenting on the outlook, Mr. Neo said, “The Group is proactively seeking opportunities to further augment TA Corporation’s distribution business, as well as to grow its core businesses of construction, real estate investment and development. That said, we will maintain financial prudence while pursuing growth. As these growth initiatives progressively come to fruition over the next few years, I am confident that TA Corporation will emerge a stronger and more resilient company.”

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 and Terra Villas, and major ongoing development projects include 12 on Shan Road and Ascent@456. The Group has also successfully ventured overseas through joint-ventures in property development projects in the PRC, Thailand, and 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 precast components to enhance productivity, the Group set up a concrete pre-cast components factory in Johore, Malaysia, which has been in operation ahead of schedule since the fourth quarter of 2015. As part of TA Corporation's strategy to further expand its recurring income base, the Group had in May 2016 completed the development of a new 9,200 bed dormitory at its new Tuas South Dormitory facility in Singapore.

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

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

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