



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION POSTS FY2015 REVENUE OF S\$275.2 MILLION

- ***Total comprehensive income of S\$2.7 million for 4Q2015 but registered full year loss of S\$23.2 million due mainly to impairment charges and provisions amounting to S\$51.7 million***
- ***Healthy construction order book of S\$278 million as at December 31, 2015***
- ***Declares first and final dividend of 1.0 Singapore cent per share***
- ***New impetus for growth in the first half of 2016 as 9,200-bed workers' dormitory commence operations progressively***
- ***Official launch of "The Gateway", a landmark 39-storey mixed-development in Phnom Penh, Cambodia, targeted for the first quarter of 2016***

Singapore, February 25, 2016 – 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 revenue of S\$275.2 million for its financial year ended December 31, 2015 (“FY2015”). This compares to a revenue of S\$302.9 million in the financial year ended December 31, 2014 (“FY2014”).

The lower revenue was mainly due to an overall decrease in progressive work completed for the Group’s ongoing construction projects and lower contributions recognised from the Group’s ongoing real estate developments.

The Group posted a total comprehensive income of S\$2.7 million for the three months ended December 31, 2015 (“4Q2015”) but reported a full year loss of S\$23.2 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\$51.7 million, were made in view of the weak real estate market conditions in Dalian, China, and Singapore.

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “While our FY2015 earnings performance was impacted by impairment charges as a result of the weak property market sentiments in China and Singapore, our fundamentals as an established construction company and regional real estate developer remained intact. We forged ahead with strategies to tap growth, marked by developments such as progressive delivery of units at our real estate project in Thailand and the impending regional launch of our first large-scale, mixed-use development ‘The Gateway’ in Phnom Penh, Cambodia. We also made significant progress in expanding our workers’ dormitory and training business, and the diversification into regional distribution business remains on track.”

TA Corporation’s 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 the property development business, its plans in the Southeast Asia markets are on track with ‘The Gateway’ – an iconic landmark twin tower mixed-use development – in Phnom Penh, Cambodia, during the first quarter of 2016, and through further acquisition of land banks for property development via joint-ventures with a local partner in Thailand. As part of TA Corporation’s strategy to further grow its recurring income base, the Group is expanding its workers’ dormitory business in Singapore, and has added about 5,000 beds since early 2016 and will add another 4,000 beds to its portfolio by mid-2016.

Mr Neo said, “Amid an increasingly competitive construction scene in Singapore, our construction division also lifted its order book with a S\$94 million construction contract for the German European School Singapore in January 2016. Our distribution business, which has been growing rapidly with operations in major Southeast Asia markets, is becoming an important third pillar of earnings. We are also anticipating new impetus from our 9,200-bed workers’ dormitory, Tuas South Dormitory, in Singapore, which is slated to be fully operational by mid-2016.”

“We appreciate our valued shareholders’ continued support and confidence in TA Corporation during such trying times and are pleased to reciprocate with a first and final dividend of 1.0 Singapore cent. Shareholders will also for the first time have a flexibility to opt to receive their dividends in either scrip or cash. The introduction of a scrip dividend scheme will enable the Group to conserve cash for strategic and operational purposes.”

REVIEW OF FINANCIAL PERFORMANCE

| Revenue (S\$’ million) | FY2015 | FY2014 | Change (%) |
|-------------------------|--------------|--------------|--------------|
| Real Estate Development | 74.6 | 75.2 | (0.8) |
| Construction | 183.1 | 212.4 | (13.8) |
| Distribution | 17.5 | 15.3 | 14.4 |
| Total | 275.2 | 302.9 | (9.2) |

On a segmental basis, the real estate development business contributed revenue of S\$74.6 million in FY2015, compared to S\$75.2 million a year ago. Key revenue contributors for this segment during the review year included *Gambir Ridge*, a 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 Thailand unit also contributed S\$10.1 million in revenue during the period under review.

The lubricants and tyres distribution business¹ achieved a 14.4% jump in revenue to S\$17.5 million, from S\$15.3 million a year ago, on growing contributions from the Group's operations in Myanmar.

The construction business accounted for the remaining S\$183.1 million of Group revenue in FY2015, compared to S\$212.4 million in FY2014. Revenue from the construction business was backed by progressive work completion at the Group's seven private residential projects in Singapore, namely *Highline Residences*, *The Skywoods*, *Riversails*, *Marine Blue*, *The Sorrento*, *Nouvel 18* and *Foresque Residences*.

Selling and distribution costs for FY2015 decreased by 51.2% to S\$0.8 million, from S\$1.7 million for FY2014, due largely to the absence of show flat costs as there were no new launches during the review period.

Other operating expenses rose to S\$60.7 million for FY2015, compared to S\$10.3 million a year ago. The increase was mainly due to provisions for doubtful receivables of S\$19.3 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\$24.7 million on two of its Singapore development properties, and an additional S\$2.9 million in doubtful receivables due from one of the Group's associates engaged in private residential property development in Singapore.

As a result of the impairment charges and provisions made, the Group reported a net loss of S\$24.0 million in FY2015, compared to a net profit of S\$21.7 million in FY2014. The Group's net asset value per share as at December 31, 2015 was 44.9 Singapore cents, compared to 52.6 Singapore cents as at December 31, 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

The Group's cash and bank balances continue to be healthy at S\$78.9 million as at December 31, 2015 with total borrowings of S\$386.6 million. The Group's gearing ratio as at December 31, 2015 is stable at 1.72 times.

OUTLOOK

On the construction front, the Building and Construction Authority ("BCA") has guided that construction demand on the private residential front is expected to moderate to approximately S\$8.5 billion to S\$12.5 billion in 2016, representing a further slowdown from the S\$13.2 billion reported for 2015. Notwithstanding the above, the Group remains positive on the performance of its construction business, which is underpinned by an order book of S\$278 million as at December 31, 2015 for progressive delivery over the next three years.

The Group also expects the challenging outlook for the Singapore private residential property market to persist and will continue to maintain a focused and prudent approach in sourcing for new development opportunities, both in Singapore and the region.

"Given the tepid market conditions, we are keeping a close watch on the market, both Singapore and regionally, and are proactively seeking out pockets of opportunities to further grow TA Corporation's core businesses of construction, real estate investment and development, and distribution. In addition, we will also continue to exercise financial prudence, while seeking to enhance productivity and manage cost pressures."

"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," Mr Neo concluded.

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 and The Cristallo, and major ongoing development projects include Terra Villas, 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 is expanding its workers' dormitory business in Singapore, and has added about 5,000 beds since early 2016 and will add another 4,000 beds to its portfolio by mid 2016.

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.

ISSUED ON BEHALF OF : TA Corporation Ltd
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Chia Hui Kheng / Mr Ng Chung Keat
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9690-3841 / 9781-3605 (Handphone)
EMAIL : huikheng.chia@citigatedrimage.com /
chungkeat.ng@citigatedrimage.com

017/16/002/TACL

February 25, 2016