



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION ACHIEVES NET PROFIT OF S\$2.4 MILLION FOR 1Q2016

- **Gross profit of S\$6.4 million on revenue of S\$35.8 million**
- **Gross margin healthy at 18.0%**
- **Construction business supported by order book of S\$256.0 million¹**
- **Outlook underpinned by growing regional distribution business, new 9,200-bed workers' dormitory in Singapore and launch of the 'The Gateway', a landmark mixed-use development in Phnom Penh, Cambodia**

Singapore, May 10, 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 329.0% improvement in profit attributable to owners of the Company to S\$2.4 million for the three months ended March 31, 2016 (“1Q2016”), from S\$0.6 million a year ago (“1Q2015”), backed by continuing contributions from its well-established operations in real estate development, construction and distribution.

Notwithstanding a lacklustre property and construction environment in Singapore and the region, the Group stayed profitable, achieving a gross profit of S\$6.4 million on revenue of S\$35.8 million in 1Q2016. TA Corporation reported a gross profit of S\$11.4 million and revenue of S\$67.7 million in 1Q2015.

¹ As at March 31, 2016

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “TA Corporation entered 2016 with exciting developments. We added 5,000 new beds to our new workers’ dormitory in Singapore and marked the successful launch of our first large-scale mixed-use development ‘*The Gateway*’ in Cambodia’s capital city, Phnom Penh. We were also successful in our efforts to bolster the Group’s construction portfolio, with a S\$94.0 million contract win from the German European School Singapore.”

“While near-term prospects for the private property and construction industries are expected to be limited by the down cycle, we are targeting pockets of opportunities in the region to strengthen our performance. Our growing distribution business is also expanding in key Southeast Asian markets, bringing higher recurring income streams to TA Corporation.”

REVIEW OF FINANCIAL PERFORMANCE

Revenue (S\$’ million)	1Q2016	1Q2015	Change (%)
Real Estate Development	5.3	20.7	(74.4)
Construction	24.6	43.0	(42.8)
Distribution	5.9	4.0	47.5
Total	35.8	67.7	(47.1)

The real estate development business reported revenue of S\$5.3 million in 1Q2016, a decrease of 74.4% from S\$20.7 million in 1Q2015, due mainly to the absence of contributions from the completed *Gambir Ridge* project, and lower revenue contribution from the Group’s ongoing mixed-use project in Singapore – *Ascent @ 456*. The Group’s two mixed-use projects in Thailand contributed S\$2.5 million during the review quarter.

The construction business contributed revenue of S\$24.6 million in 1Q2016, a 42.8% decrease from S\$43.0 million in the corresponding period. This was largely due to overall lower revenue recognition from the Group's ongoing projects in Singapore. The Group's project portfolio includes four private residential projects (*Marine Point, Riversails, The Skywoods* and *Highline Residences*) and the development of an education institution building for the the German European School Singapore.

Supported by higher contributions from the Myanmar market, our lubricants and tyres distribution business² saw contributions jump 47.5% to S\$5.9 million in 1Q2016, from S\$4.0 million a year ago.

General and administrative expenses rose to S\$4.6 million in the review quarter, from S\$3.6 million in 1Q2015, due mainly to cost incurred for operating the Tuas South dormitory, higher personnel cost for the air conditioning and mechanical ventilation business in Cambodia, and travelling costs for business development.

Other operating expenses decreased to S\$2.8 million in 1Q2016 compared to S\$6.1 million in 1Q2015, due mainly to the absence of an impairment loss on an associated company that was recorded in 1Q2015.

As a result of the above, the Group reported a 329.0% jump in profit attributable to owners of the Company to S\$2.4 million in 1Q2016. Earnings per share on a fully diluted basis rose to 0.5 Singapore cent, from 0.1 Singapore cent a year ago. Net asset value per share as at March 31, 2016 rose to 46.8 Singapore cents, compared to 46.5 Singapore cents as at December 31, 2015.

The Group's cash and bank balances increased to S\$115.0 million as at March 31, 2016, from S\$78.9 million as at December 31, 2015. Total borrowings as at March 31, 2016 was S\$413.4 million. The Group's gearing ratio as at March 31, 2016 is approximately 1.8 times.

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.*

OUTLOOK

According to Urban Redevelopment Authority's latest real estate statistics released on April 22, 2016, prices of private residential properties eased further by 0.7% in 1Q2016, from 0.5% in the preceding quarter ("4Q2015"). New launches and take-up rates also weakened, with developers launching 953 uncompleted private units for sale in 1Q2016, a decrease from 1,333 units in 4Q2015. Total units taken-up during the quarter was 1,419, compared to 1,603 units in the previous quarter³.

On the construction front, the Building and Construction Authority ("BCA") guided that construction demand on the private residential end is expected to moderate to between S\$8.5 billion and S\$12.5 billion in 2016 compared to S\$13.2 billion in 2015⁴. Despite the challenging outlook for private residential construction demand, the Group remains confident of its construction segment's performance, backed by a recent contract award for an education institution and underpinned by an order book worth approximately S\$256.0 million as at March 31, 2016 to be progressively delivered over the next three years.

Mr. Neo said, "We are cognisant of the near-term challenges in the private property and construction sectors and will continue to rely on TA Corporation's strong brand equity as a tier-1 developer and contractor, as well as an increasingly diversified business portfolio for growth. We remain on the lookout for strategic business opportunities locally and overseas."

³ <https://www.ura.gov.sg/uol/media-room/news/2016/apr/pr16-22.aspx>

⁴ https://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf

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 4,200 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 / 9437-3462 (Handphone)
EMAIL : huikheng.chia@citigatedrimage.com /
chungkeat.ng@citigatedrimage.com

May 10, 2016