



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION 1Q2015 REVENUE UP 2.6% TO S\$67.7 MILLION

- **Revenue up 2.6% to S\$67.7 million on higher contributions from the Group's real estate and distribution business segments**
- **Revenue from the Group's lubricants and tyres distribution business grows 21.2% to S\$4.0 million**
- **Gross profit margin fairly stable at 16.9%**
- **Core businesses remain profitable but 1Q2015 bottomline impacted by an impairment of S\$4.8 million for the carrying amount of investment in a 25.37%-owned associate, DLSC**
- **Group's strategies to grow overseas and recurring income businesses remain on track**

Financial Highlights

(S\$'million)	1Q2015	1Q2014	Change (%)
Revenue	67.7	66.0	2.6
Gross Profit	11.4	11.6	(1.4)
Gross Profit Margin (%)	16.9	17.6	(0.7) ppt
Profit Before Tax	2.0	5.9	(65.9)
Net Profit Attributable to Owners of the Company	0.6	4.5	(87.5)

Singapore, May 13, 2015 – 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 net profit attributable to owners of the Company to S\$0.6 million, on a 2.6% increase in revenue to S\$67.7 million for the three months ended March 31, 2015 (“1Q2015”). This compares against a net profit attributable to owners of the Company of S\$4.5 million and revenue of S\$66.0 million in the corresponding financial period (“1Q2014”).

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While the Group's core operations in construction, real estate development and distribution remained profitable, the Group's 1Q2015 performance was affected by a S\$4.8 million impairment of the carrying amount of investment in an associate, Dalian Shicheng Property Development (S) Pte Ltd ("DLSC"). The impairment arose in view of the continuing depressed real estate market in Dalian, China, where DLSC's subsidiary operates.

Further to the above development, the Board will commission an independent property valuer to provide an updated valuation of the real estate properties of DLSC as soon as possible. This valuation will be used by management to reassess the net assets of DLSC based on updated fair values of real estate; and also update management's assessment of the extent of any impairment of receivables from DLSC to the Group. As of March 31, 2015, total receivables owing by DLSC to the Group amounted to S\$15.9 million.

Mr. Neo Tiam Boon ("梁添文"), Chief Executive Officer and Executive Director of TA Corporation, said, "While our bottomline was affected by an impairment at one of our associates, we are pleased with the operational success achieved in the year-to-date notwithstanding a slow-moving property market.

"It was a busy first quarter, as we continued with the marketing and development of our two real estate developments in Singapore and the progressive completion of our construction projects. In particular, we want to highlight that our overseas expansion strategy has also shown results, with two of our three mixed development projects in Thailand contributing to our revenue since 2014."

In furthering TA Corporation's regional reach, the Group recently entered into four 50:50 joint ventures for its distribution business: (i) distribution of lubricants and related products for regional markets; (ii) distribution of commercial vehicles, including trucks and buses under the Iveco and Astra brands; and (iii) distribution of lubricants and related products for the Myanmar and Thailand markets.

“We are also closely monitoring the real estate markets in Cambodia and Singapore, with plans to launch a high-rise mixed-use residential/commercial development in Phnom Penh’s City Centre at an opportune timing. For the Singapore market, the Group will continue to monitor and evaluate market conditions for the launch of a private residential land plot in the Novena area.” Mr. Neo added.

The Group’s strategy to grow its recurring income base is also on track with the targeted completion of its 62%-owned 9,200 beds dormitory at Tuas – *Tuas South Dormitory* – by mid-2016. When completed, the dormitory will be one of the largest purpose-built workers’ accommodation facilities in Singapore, catering to foreign workers in the marine, process, manufacturing and construction industries.

REVIEW OF FINANCIAL PERFORMANCE

Revenue (S\$’ million)	1Q2015	1Q2014	Change (%)
Real Estate Development	20.7	8.8	135.2
Construction	43.0	53.9	(20.2)
Distribution	4.0	3.3	21.2
Total	67.7	66.0	2.6

On a segmental basis, the real estate development business recorded a 135.2% jump in revenue to S\$20.7 million in 1Q2015, accounting for 30.6% of Group revenue in the review quarter. The growth was backed by higher contributions from *Gambir Ridge*, an on-going private residential development in Telok Kurau, and *Ascent @ 456*, a retail/residential mixed development located in the Balestier area. The Group’s Thailand unit also contributed S\$1.8 million in 1Q2015 with the completion and progressive transfer of unit ownership to buyers from two of its mixed development projects.

Contributions from the Group’s lubricants and tyres distribution business¹ rose 21.2% to S\$4.0 million in 1Q2015, supported by higher contributions from its operations in Myanmar. This business unit accounted for 5.9% of Group revenue.

¹ Comprises the Group’s 100%-owned operating subsidiary in Singapore – *Sino Tac Resources Pte Ltd* – and a 51%-owned joint-venture unit – *Que Holdings Pte. Ltd*

The construction business remains the Group's largest revenue contributor, accounting for 63.5%, or S\$43.0 million of Group revenue in 1Q2015. Revenue from the construction business were mainly from progressive work completion at the Group's seven private residential projects in Singapore, namely The Skywoods, Highline Residences, Riversails, Marine Point, The Sorrento, Nouvel 18 and Foresque Residences.

Selling and distribution costs decreased to S\$0.2 million in 1Q2015, from S\$1.1 million in 1Q2014, in the absence of show flat costs as there were no new project launches during the review quarter. Finance costs rose to S\$1.4 million in 1Q2015, from S\$0.3 million in 1Q2014, due mainly to interest costs on the S\$75.0 million fixed rate term notes issued in April 2014.

Other operating expenses jumped 416.0% to S\$6.1 million in 1Q2015, from S\$1.2 million in 1Q2014, which was due mainly to the impairment of the Group's carrying cost of investment in DLSC in 1Q2015.

As a result, earnings per share on a fully diluted basis was 0.1 Singapore cent per ordinary share in 1Q2015, from 1.0 Singapore cent per ordinary share in the corresponding financial period. Net asset value per share as at March 31, 2015 was 52.9 Singapore cents, compared to 52.6 Singapore cents as at December 31, 2014.

The Group maintains a healthy cash position of S\$114.2 million as at March 31, 2015, with total borrowings of S\$368.1 million. The Group's gearing ratio stands at 1.4 times.

OUTLOOK

For the construction sector, the Building and Construction Authority expects private sector construction demand to moderate to between S\$11.0 billion and S\$15.0 billion, as private developers adopt a more cautious approach towards new development investments. Nonetheless, the Group remains confident on the outlook for its construction business, which is backed by a healthy order book of S\$297.0 million as at March 31, 2015, which will be progressively delivered over the next two years.

On the real estate front, the Group expects the domestic real estate market to remain challenging in the near-term, and will continue to be prudent, and selectively participate in developmental and investment opportunities both in Singapore and the neighbouring region.

Mr. Neo said, “We remain committed to building our businesses for the long-term and are on the lookout for strategic business opportunities locally and overseas to expand our earnings base and increase recurring revenue. We will continue to tap suitable real estate development opportunities both in Singapore and emerging markets such as Cambodia and Myanmar with local joint venture partners.

“At the same time, we are selectively building up our investments in the distribution business segment to ramp up recurring income. Our new dormitory facility in Singapore is also expected to contribute to the Group’s recurring revenue base when operational.”

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 and The Cristallo, and major ongoing development projects include Terra Villas, Ascent@456 and Gambir Ridge. The Group has also successfully ventured overseas through joint-ventures in the PRC, Thailand, Cambodia and Myanmar.

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.

To further complement its property and construction business, the Group's is setting-up a concrete pre-cast components factory in Johore, Malaysia, which is expected to be operational by 2016. 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 is expected to add another 9,200 beds to its portfolio by 2016.

Since 2012, TA Corporation has also ventured into the distribution of high performance motor oil and lubricants in Singapore; and subsequently penetrated the Myanmar market for the distribution of automotive, industrial and aviation lubricants, as well as passenger and light truck tyres.

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

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