



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION'S 1H2017 REVENUE INCREASES 22.0% TO S\$107.8 MILLION

- ***Loss attributable to Owners of the Company of S\$10.9 million due largely to the loss in fair value of Tuas South Dormitory, one of the Group's investment properties***
- ***Construction business supported by order book of S\$129 million¹***
- ***Continues to seek business opportunities locally and overseas***

Singapore, August 10, 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, reported loss attributable to Owners of the Company of S\$10.9 million for the six months ended June 30, 2017 (“1H2017”), which is due mainly to fair value loss of one of its investment properties, *Tuas South Dormitory*.

Group revenue rose by 22.0% to S\$107.8 million in 1H2017 on the back of higher revenue contribution from all of the Group's business segments, particularly the real estate development and real estate investment segments. In line with revenue growth, gross profit increased by 22.7% to S\$20.4 million. However, other operating expenses increased from S\$6.3 million in 1H2016 to S\$22.0 million in 1H2017, as the Group recorded loss in fair value of its investment properties.

¹ As at June 30, 2017

Mr. Neo Tiam Boon, Chief Executive Officer and Executive Director of TA Corporation, said, “The overall operating environment in Singapore remained challenging. While occupancy rate of our *Tuas South Dormitory* has improved since it started business operations in January 2016, rental rates have continued to be impacted by the weak business environment and competition from nearby dormitories. The Group recorded a loss in fair value of this investment property based on fair value accounting policy, given the lower valuation which resulted from the weak market conditions of our dormitory clientele.”

“Meanwhile, we are encouraged by the stable and growing income stream from our distribution businesses, which generated a growth of 10.2%, mainly from Myanmar. To strengthen our market position as one of Myanmar’s leading commercial vehicles and construction equipment distributors, the Group’s 50%-owned Myanmar Synergy Company Limited opened a purpose-built two-storey showroom in Yangon this year, which will place us well to capture the robust demand from the transportation, construction and other sectors in the country.”

PERFORMANCE REVIEW

Revenue (S\$' million)	1H2017	1H2016	Change (%)
Real Estate Development	23.7	13.2	79.5
Real Estate Investment	7.6	0.8	850.0
Construction	63.5	62.6	1.4
Distribution	13.0	11.8	10.2
Total	107.8	88.4	22.0

The real estate development segment reported revenue of S\$23.7 million for 1H2017, an increase of S\$10.5 million from S\$13.2 million recorded in 1H2016. The higher sales was due mainly to revenue contribution from units sold in *Terra Villas* and *Ascent@456* in Singapore.

Higher occupancy rate of the Group’s *Tuas South Dormitory* resulted in an increase of revenue reported by the Group’s real estate investment segment of S\$7.6 million in 1H2017, against 1H2016’s S\$0.8 million.

Supported by higher progressive revenue recognition from the Group's ongoing construction projects in Singapore, TA Corporation's construction segment posted an increase in revenue of S\$0.9 million to S\$63.5 million in 1H2017, compared to S\$62.6 million in 1H2016.

Revenue under the Group's lubricants and tyres distribution business grew from S\$11.8 million to S\$13.0 million in 1H2017. This was mainly due to higher contribution from the Group's distribution business in Myanmar.

BALANCE SHEET HIGHLIGHTS

The Group's net asset value per share as at June 30, 2017 was 39.5 Singapore cents, compared to 43.5 Singapore cents as at December 31, 2016.

As at June 30, 2017, the Group's cash and bank balances stood at S\$77.2 million with total borrowings of S\$324.1 million. The Group's gearing ratio as at June 30, 2017, remained healthy at 1.9 times.

OUTLOOK

Based on Urban Redevelopment Authority's 2Q 2017 real estate estimates released on July 28, 2017, prices of private residential properties decrease by 0.1% in the quarter as compared to the 0.4% decline in 1Q 2017.

The construction sector for the private residential property segment continues to be challenging. However, the Group remains confident of its construction segment's performance, which is underpinned by an order book of S\$129 million as at June 30, 2017, to be progressively delivered over the next two years.

In June this year, the Group incorporated TK Modular Pte. Ltd, our 80%-owned joint venture with Kong Hwee Iron Works & Construction Pte. Ltd, which will design, develop, manufacture and distribute Prefabricated Prefinished Volumetric Construction (PPVC) modules, for the Group's property development and

construction projects as well as to fulfil the growing demand for solutions to improve labour productivity and operational efficiency in Singapore's construction industry.

On the dormitory business front, the sluggish business of the Group's clientele, will continue to impact the pricing for accommodation for foreign workers in Singapore.

Mr. Neo said, "Looking ahead, the Group will continue its efforts to raise occupancy and rental rates in our dormitories despite the difficult market conditions. We will also stay focused and cautious while seeking business opportunities locally and overseas to grow our revenue streams."

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*, *The Skywoods*, *Terra Villas*, and *Ascent@456* as well as ongoing development project *12 on Shan*. The Group has also successfully ventured overseas through joint-ventures in property development projects in the PRC, Thailand, and Cambodia. Its regional portfolio includes distinctive mixed-use developments such as *De Iyara*, *De Iyara Share* and *De Iyara Grande* in Thailand, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, 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 pre-cast components to enhance productivity, the Group's pre-cast concrete components factory in Johor, Malaysia started operations in the fourth quarter of 2015.

The Group has completed construction of the 9,180-bed *Tuas South Dormitory* in Singapore, which commenced business operations in 2016.

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

TA Corporation, through its subsidiaries, is also engaged in the design, installation and maintenance of air conditioning and mechanical ventilation systems (“ACMV”) in Singapore and Cambodia.

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

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