HOCK LIAN SENG HOLDINGS LIMITED
(Company Registration No. 200908903E)
(Incorporated in the Republic of Singapore)

Clarification on the announcement of Unaudited condensed interim financial statements for the six months ended 30 June 2026

In the interest of good corporate governance and engaging shareholders and investors, the Board of Directors (the "**Board**") of Hock Lian Seng Holdings Limited (the "**Company**") and its related companies (the "**Group**") wishes to provide insight why the guidance provided on 17 April 2026 and 14 May 2026 differed from the results reported in the financial statements for the six months ended 30 June 2026.

17 April 2026 - Responses to Queries from Shareholders on the Annual General Meeting:

Question 3 - Civil Engineering (CE)

(i) The order book for the CE segment as at 31/12/2025 is S$390 million. What is the estimated amount to be completed and recognized as revenue in FY2026?
(ii) How does management mitigate the elevated cost pressures aggravated by the impact of the conflict in the Middle East, and to what extend the increased costs can be passed through to the customers?

Response:

(i) The estimated revenue for FY2026 will depend on the construction progress (revenue is recognized on a percentage completion basis) of the Aviation Park and Serangoon North Station projects. **The Group expects revenue for civil engineering for FY2026 to be comparable to FY2025, barring unforeseen circumstances.**

(ii) Across the construction industry, cost pressures are primarily driven (besides manpower cost) in recent times fuel costs (such as diesel and bitumen), other costs like steels, aluminum and concrete have been volatile in recent years.

Both Aviation Park and Serangoon North Station are awarded by the Land Transport Authority, these contracts include material price fluctuation clauses for rebars and concrete, which help to mitigate some of the cost increases. In addition, the Group is looking to tap on the recent ex-gratia cost-sharing measures for diesel and bitumen announced by the Building and Construction Authority on 7 April.

14 May 2026 – Minutes of Annual General Meeting held on 23 April 2026:

Question 1:

What is the Company's strategy to address cost increases, labour and material costs, and to assure Shareholders regarding the Company's direction and mitigation measures, especially in light of global uncertainties such as the Middle East crisis?

Response (abstract relevant paragraph):

"The Group adopts a discipline approach to project selection, prioritizing projects with sustainable and reasonable profit margins rather than pursuing volume-driven growth. **All ongoing projects remain profitable.** In addition, the Group maintains a strong safety record and continues to prioritize safety while minimizing disruption to the public and surrounding communities during project execution."

Background information:

The Company's current order book comprises two projects: Aviation Park Station and Tunnels (awarded and commenced end 2021) and Serangoon North Station and Tunnels (awarded and commenced early 2022). Both were awarded on a design-and-build basis.

Explanation:

In our 8 July 2026 announcement, "Negative Profit Guidance for 6 months ending 2026," we stated that "the increase was driven by higher-than-anticipated project costs, including concrete, steel, manpower, transportation and subcontractors' cost." These higher-than-anticipated costs arose from design enhancement and enabling works like traffic and utility diversions that differed substantially from those anticipated at tender stage.

Significant additional costs, arising from both additional scope and technical specification, including steel, concrete and manpower, were incurred to meet these changes. Since commencement of the contract until early July 2026, management submitted claims and engaged with the owners. However, by early July 2026, management concluded that the discussions on the claims remained inconclusive.

Beside the above factors, arising from inflationary pressure, our operating costs have increased significantly. The ex-gratia payments from the customers are insufficient.

In light of this there was a downward revision in the contract margin, leading to onerous contract and recognition of additional costs for additional works needed to complete the project, including extra manpower to accelerate construction and meet project deadlines. As at the date of this announcement, the Aviation Park Station and Serangoon North Station projects are approximately 70% and 46% complete, respectively.

While certain contractual mechanisms exist to mitigate specific cost increases, such as material price fluctuation clauses these mechanisms do not fully compensate for the additional costs arising from design development, increased scope or productivity challenges.

Regarding the revenue for FY2026 compared to FY2025, please refer to para III - page 16 of the financial results announcement for the six months ended 30 June 2026.

By Order of the Board

Cheok Hui Yee
Company Secretary
5 August 2026