TIONG SENG HOLDINGS LIMITED
(Incorporated in Singapore)
(Co. Reg. No: 200807295Z)

ANNEXURE A TO THE MINUTES OF THE ANNUAL GENERAL MEETING ("AGM")
HELD ON 28 APRIL 2023
QUESTIONS AND ANSWERS – Page 1

RESOLUTION 1:
DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS AND REPORT OF AUDITORS

<u>Question from shareholder, Mr Lee Mun Seng ("Mr Lee")</u>

1. Mr Lee thanked the Chief Financial Officer and Executive Director for the presentation. Mr Lee commented that although the Company has informed that order books remain strong during the presentation, he would like to know if the Company will be able to make profits when these projects are completed.

2. The second question is in relation to the engineering solutions segment. Mr Lee commented that the Company has 3 segments, namely construction, engineering solutions and property development, and these segments registered losses in FY2022. Would the engineering solutions division turnaround since the Company should have had other jobs and applied the cost-plus model? Lastly, he noticed that the NAV per share is dropping and wishes to know if the drop is due to market value or paper losses?

3. Mr Pek Zhi Kai, executive director, responded to Mr Lee's questions.

   The current order books of S$1.1 billion are mainly from pre-COVID projects, for which the Group had already made an onerous contract provision to cater for construction cost pressure across raw material, labour and subcontracting contracts. To answer the question, the Group will incur losses in order to complete the existing order book projects.

4. About 85% of the Group's revenue comes from the construction segment. If the Company does not complete these projects, it will lose its reputation as an established builder, which will make sourcing and securing new contracts more difficult going forward. There are many new projects available on the market. The Building Construction Authority has projected that the total construction contracts will grow at a healthy level, higher than pre-COVID days, as businesses catch up on the projects that were delayed over the COVID period. Thus, the Company has to position itself to capture the opportunity while continuing to show confidence to the market that it has the means to secure new contracts and drive its profits.

5. The construction industry has undergone challenging times and good times, and even before the COVID days, construction margins were thin. The construction segment, which is the main business of the Group has been profitable for many years. The Group continues to believe that the strengths that it has built over the years, will tide it over challenging period.

6. As for the engineering solutions segment, the majority of their current projects have been contracts made within the Group for the past three years. The Company as the main contractor, has suffered losses that directly affected the sub-contractor's work. Currently, the engineering solution segment has been internationally carved out to reduce its independence from internal contracts and, at the same time, take on new external contracts. With this change, the engineering solutions segment will also be in a better position to create new integrated solutions and scale up its capabilities and services to drive expansion locally and abroad.

7. The principal reason for the drop in NAV per share was the result of past years' losses and erosion of value built over the years.

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8. Mr Lee inquired further on how the Company could balance the factors when it is now financed by debt and has a low margin coupled with an increasing interest rate.

9. Mr Pek Zhi Kai clarified that the Group has tapped into project lines and not relied on general line borrowings. This would ease the cash burden, as there is always a time lapse for construction projects between the monies that the Group can collect and the monies that the Group must disburse for the project. In the past, the Group used more internal financial resources and some bank borrowings. With the impact of the pandemic, the Group utilises more banking facilities on the project lines. Mr Pek Zhi Kai stressed that there were no cross borrowings. The risen interest rate last year did impact the performance of the Group; however, at this current juncture, the Group would still require financing from the banks as it is a prudent measure that gives sufficient buffer for the Group to take on new projects.

<u>Question from another shareholder, Ms Ang Siew Ting ("Ms Ang")</u>

10. Ms Ang observed that there are many ongoing HDB and BTO projects. She would like to know why these projects are not in the current portfolio of the Group.

11. In response to Ms Ang's query, Mr Pek Zhi Kai said that the Company is still keen to go into HDB and public projects. He shared such insights of the public procurement exercise that, besides considering tender prices, the authorities also emphasize, among other factors, the safety track record of the Company, which is instrumental in securing the projects.

    He shared that the Group brought in many new workers to restart the projects as many skilled workers returned to their home countries after the reopening of Singapore border last year. This resulted in some safety issues and a few stop-work orders at sites, as well as demerit points that impacted the Group's success in tenders.

    The Company will continue monitoring new HDB projects and will share with shareholders any developments in this area via a SGX announcement.