

TIONG SENG HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration No. 200807295Z)

**ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2026
RESPONSES TO QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS
ASSOCIATION (SINGAPORE)**

Tiong Seng Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") would like to thank the Securities Investors Association (Singapore) ("**SIAS**") for submitting its questions in advance of the Company's Annual General Meeting ("**AGM**") which will be held on 27 April 2026 at 2.00 p.m. (Singapore time).

Responses to questions raised by SIAS

Please refer to the [Appendix](#) for the Company's responses to the questions received from SIAS.

It is important to note that these questions and responses should be read in conjunction with the Company's Annual Report for the financial year ended 31 December 2025 (the "**Annual Report**") and the Company's previous announcements released on SGXNET.

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO

23 April 2026

SIAS's Query 1:

As mentioned in his message to shareholders, the CEO noted that revenue declined by 44% to \$301.1 million, primarily due to lower volume of work done in the construction segment. Slower than expected progress in securing Temporary occupation permits (TOPs) also exacerbated the group's losses. While variation order costs were fully recognised in FY2025, the corresponding revenue has yet to be recognised.

Information about reportable segments							
	Construction \$'000	Engineering solutions \$'000	Property development \$'000	Segments total \$'000	Others* \$'000	Elimination \$'000	Total \$'000
31 December 2025							
External revenues	226,235	71,690	2,940	300,865	199	-	301,064
Inter-segment revenue	-	6,579	-	6,579	-	(6,579)	-
Interest income	484	2	102	588	102	(365)	325
Interest expenses	(3,720)	(824)	(100)	(4,644)	(111)	365	(4,390)
Compensation for the acquisition of development site	-	-	13,342	13,342	-	-	13,342
Gain/(loss) on disposal of: - property, plant and equipment	416	-	-	416	-	-	416
- assets held for sales	(1,915)	-	-	(1,915)	-	-	(1,915)
Impairment loss on: - allowance for diminution in value of development properties	-	-	(3,836)	(3,836)	-	-	(3,836)
- trade and other receivables	(704)	-	-	(704)	-	-	(704)
- amount due from non-controlling interest	-	-	(1,239)	(1,239)	-	-	(1,239)
Reversal of impairment loss on trade and other receivables	79	-	-	79	-	-	79
Provision	(4,877)	-	(1,570)	(6,447)	-	-	(6,447)
Depreciation and amortisation	(5,671)	(4,853)	(442)	(10,966)	(254)	-	(11,220)
Reportable segment profit/(loss) before tax	(33,443)	1,287	1,972	(30,184)	(3,607)	-	(33,791)

- (i) **Can management clarify the underlying reasons for the delays in securing Temporary Occupation Permits? To what extent were these delays attributable to internal execution issues, project management challenges or external regulatory factors?**

The delays in securing the Temporary Occupation Permits (TOP) were attributed to 2 projects in 2025. In both projects, additional work was needed to reconcile the projects' consultant designs with the requirements of the relevant authorities. As a result, both projects encountered significant rework onsite, which led to delays and costs overruns to obtain the TOPs.

- (ii) **Is the unrecognised variation order revenue currently reflected as contract assets on the balance sheet? What is the quantum involved, and what is the expected timeline and certainty of conversion into recognised revenue and cash flow?**

The unrecognised variation order (VO) revenue is currently not reflected as contract assets on the balance sheet. The Group is working closely with its relevant customers to finalise and agree on the VO amounts and is seeking to resolve these matters as soon as practicable.

As the aforesaid negotiations are still ongoing, the Group is unable to make an assessment at this juncture regarding the quantum involved and certainty of conversion into recognised revenue and cash flow until such time that there is a finalisation of accounts with its relevant customers. Preliminarily, the Group expects to finalise most of these accounts in FY2026.

- (iii) **Does the group have the technical capabilities, track record and prequalification credentials to participate meaningfully in large-scale infrastructure projects such as Changi Airport Terminal 5 and Tuas Port?**

The Group has the requisite technical capabilities and track record that is commonly required in large-scale infrastructure or building projects. Since its founding in 1964, the Group has delivered a broad range of complex building and civil engineering projects across both the public and private sectors, including high-rise developments, institutional buildings, and large-scale integrated projects.

The Group currently holds the highest workhead grading of A1 from the Building and Construction Authority (BCA) for both general building and civil engineering, which qualifies the Group to tender for public sector projects of unlimited contract value. It will continue to leverage its track record and capabilities to pursue such opportunities, subject to tender requirements and disciplined assessment of project risks and returns.

SIAS's Query 2:

Despite the group's long operating history and established presence, it continues to recognise provisions for penalties and onerous contracts, raising questions about execution discipline and project risk management.

22 TRADE AND OTHER PAYABLES (CONTINUED)			
Provisions			
	Provision for penalties	Provision for onerous contracts	Total
	\$'000	\$'000	\$'000
Group			
At 1 January 2024	8,500	27,003	35,503
Provision made during the year	294	13,258	13,552
Reversal of provision during the year	-	(8,263)	(8,263)
Utilisation during the year	(2,178)	(23,980)	(26,158)
At 31 December 2024	6,616	8,018	14,634
At 1 January 2025	6,616	8,018	14,634
Provision made during the year	1,570	4,877	6,447
Utilisation during the year	-	(11,404)	(11,404)
At 31 December 2025	8,186	1,491	9,677

- (i) **Can management explain the specific reasons for the delay in completing the PRC development project, which resulted in penalties for late completion and an administrative fine?**

The delay in completing the PRC development project was mainly attributable to weaker-than-expected sales amid challenging market conditions, which resulted in the deferment of investment and construction of subsequent phases. Consequently, the overall development timeline was extended, giving rise to penalties relating to the extension of the commercial land development period.

- (ii) **Do the provisions for onerous contracts relate primarily to legacy pre-COVID projects? If so, why were these provisions only recognised in FY2025? What controls and processes are in place to ensure timely identification and recognition?**

The provisions for onerous contracts mainly relate to legacy projects that were affected by cost escalation, productivity constraints, and market disruptions arising from the COVID-19 pandemic and its aftermath.

The provisions recognised in FY2025 relate to the additional work carried out in FY2025. As such additional works did not previously have to be carried out in the process of obtaining TOPs for projects which were completed in 2024, the Group did not previously expect such additional work would need to be carried out in FY2025.

The Group has in place established project monitoring and cost control processes, including regular project reviews and margin assessments, which are reviewed by the Group's internal and external auditors. These processes are intended to ensure that changes in project outlook are identified on a timely basis and reflected in the financial statements when sufficiently reliable estimates can be made. The Group continues to strengthen these controls to enhance early identification of potential project risks and outcomes.

- (iii) **In Note 25 (page 179), the group recognised \$468,000 in fine and penalty under "Other expenses" for FY2025. Can management clarify whether this relates to the same PRC project and the same penalties and fine mentioned in Q3(i), or to separate incidents?**

The fines and penalties of \$468,000 recognised under "Other expenses" in FY2025 are not related to the matters referred to in Q3(i). This amount mainly relates to land appreciation tax in respect of the Group's PRC development projects, as well as certain late payment charges arising during the financial year.

- (iv) **What changes have been made to internal controls, project governance and risk management frameworks following these incidents, and how is the board monitoring their effectiveness?**

The Group regularly reviews and enhances its internal controls, project governance, and risk management frameworks to strengthen oversight of project execution, cost management, and compliance matters.

At the project level, greater emphasis has been placed on early identification of execution risks, including closer monitoring of construction progress, defect rectification status, authority compliance requirements, and variation order processes. Cost tracking and project margin reviews have also been strengthened to ensure timely identification of potential cost overruns or margin erosion.

For property development projects, additional focus has been placed on sales performance monitoring and its impact on construction phasing and overall development timelines, to enable earlier assessment of downstream implications such as delay risk and associated obligations.

From a governance perspective, escalation protocols have been reinforced to ensure that significant project issues, including delays, compliance matters, and potential financial exposures, are promptly escalated to senior management for review and decision.

The Board monitors the effectiveness of these measures through regular updates on project performance, risk reports, and financial results. Key developments, including major project risks and significant variances, are also reviewed by the Board and relevant Board committees as part of its oversight of the Group's risk management and internal control systems.

SIAS's Query 3:

The company was listed in April 2010 at an IPO price of \$0.28 per share, raising gross proceeds of \$52.9 million. The shares are currently trading below \$0.10 per share.



- (i) **What has been the total shareholder return over the past 5, 10 and 16 years (since the IPO)?**

The total shareholder return ("TSR") over the respective periods is as follows:

5-year TSR: -31%

10-year TSR: -45%

16-year (since IPO) TSR: -37%

These figures are based on share price performance taking into account dividends paid over the respective periods.

- (ii) **Has the board undertaken a formal assessment of its effectiveness in setting strategy and overseeing management? How does the board reconcile this assessment with the group's financial performance and long-term erosion of shareholder value?**

The Board conducts a formal assessment of its effectiveness on an annual basis through the Board performance evaluation process, which covers its role in setting strategy, oversight of management, and the effectiveness of Board committees and individual Directors. The assessment is supported by structured feedback and is overseen by the Nominating Committee.

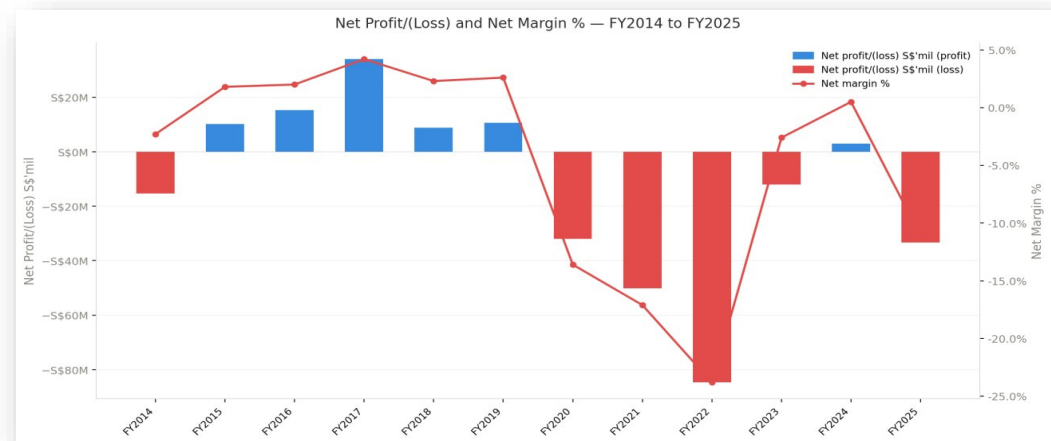
In reviewing its effectiveness, the Board also considers the Group's financial performance and operating environment, including the impact of industry cycles, market conditions, and project-specific challenges, which have affected overall shareholder returns over time.

Broadly, the Construction industry has been badly affected by projects secured prior to the COVID-19 pandemic. The Group has been significantly exposed to project cycle cost risks, as most of its onerous contracts were projects secured in the months preceding the onset of the pandemic in 2020. This meant that such projects would have been fully exposed to the manpower crunch, significant price inflation, and regulatory costs that were historically unprecedented in the industry.

The Group had successfully deleveraged itself prior to the onset of the pandemic, and had significant cash reserves which were intended to be used for growth opportunities. In order to preserve the Group's reputation of finishing projects that it has been entrusted with, significant losses have been incurred to deliver onerous contracts to completion.

Notwithstanding the long-term share price performance, the Board and Management continue to focus on strengthening the Group's operational execution, risk management, and capital discipline, with the objective of improving sustainable profitability and long-term shareholder value creation.

A review of the group's historical performance shows that profitability has been inconsistent. Net profit margins peaked at 4.2% nearly a decade ago, in FY2017. Apart from a modest profit of \$2.9 million in FY2024, the group has reported significant losses since COVID, with losses reaching as high as 23.8%. As at 31 December 2025, accumulated losses at the company level stood at \$(128.3) million, with equity reduced to \$4.8 million.



(iii) How does the board assess whether the group has the necessary leadership, capabilities and organisational depth to execute its strategy? What key performance indicators have been set for management, how has management performed against these targets, and what actions have been taken where performance has fallen short?

The Board assesses whether the Group has the necessary leadership, capabilities, and organisational depth to execute its strategy through a combination of regular management reporting, performance reviews, and structured Board and Board Committee discussions. This includes reviews of project execution capability, financial performance, risk management effectiveness, and succession planning for key leadership roles.

Key performance indicators (“KPIs”) for management typically include financial targets (such as revenue, profitability, and cash flow), project delivery milestones, contract execution performance, and working capital management. In addition, non-financial indicators such as project quality, safety performance, and risk management outcomes are also considered.

Management performance against these KPIs is reviewed regularly by the Board. Where performance has not met expectations, the Board will work with management to implement corrective actions, which may include enhanced project monitoring, tighter cost control measures, operational restructuring, and improved risk governance processes at both project and corporate levels.

The Board continues to focus on strengthening organisational capabilities and execution discipline to support improved operational and financial performance over time.

(iv) Do the independent directors consider it timely to undertake a comprehensive strategic review of the group?

The Independent Directors, together with the Board, consider the Group's strategy on an ongoing basis as part of regular Board deliberations, taking into account the Group's financial performance, market conditions, and operating environment.

The Board is of the view that strategic review is a continuous process rather than a one-off exercise, and is regularly undertaken through Board meetings, annual budgeting, and business planning cycles.

Nonetheless, the Board will, where appropriate, consider whether a more comprehensive strategic review is warranted in light of evolving market conditions, business performance, and long-term value creation objectives.