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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

The Board of Directors (the "**Board**") of Tiong Seng Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 5 December 2023 in relation to the inclusion of the Company on the watch-list with effect from 5 December 2023 pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**").

The Company will have to take active steps to restore its financial health and meet the requirements of Rule 1314 of the Listing Manual within 36 months from 5 December 2023, failing which the SGX-ST will delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST to be removed from the watch-list if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of S$40 million or more over the last 6 months.

Pursuant to Rule 1313(2) of the Listing Manual, the Company must, for the period in which it remains on the watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criteria of the watch-list, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position. If any material development occurs between the quarterly updates, it must be announced immediately.

<u>Update on Financial Situation</u>

The Group recorded revenue of S$475.0 million and S$314.4 in the financial year ended 31 December ("**FY**") 2023 and the six months period ended 31 December ("**2H**") 2023 respectively, as compared to revenue of S$355.7 million and S$207.0 million in FY2022 and 2H2022 respectively, representing an increase of 52% and 34% respectively. The increase in revenue was mainly contributed by the Group's construction and engineering solutions segments following the resumption of construction and recovery from the COVID-19 pandemic, which was partially offset by the decrease in revenue from the Group's property development segment.

The Group recorded a net loss of S$13.6 million and a net profit of S$2.0 million in the financial year ended 31 December ("**FY**") 2023 and the six months period ended 31 December ("**2H**") 2023 respectively, as compared to net losses of S$85 million and S$40.5 million in FY2022 and 2H2022 respectively. The decrease in net losses was mainly attributable to the reduction in FY2023 of onerous contract provisions for projects which were entered into before the COVID-19 pandemic which impacted the Group's financial performance in FY2022, higher margin projects recognised in FY2023, as well as strong cost control measures undertaken by the Group.

The Group was in a positive working capital position as at 31 December 2023.

For further details on the results and financial position of the Group, please refer to the unaudited financial results of the Group and the Company for the financial year ended 31 December 2023 which were released via SGXNET on 28 February 2024.

The average daily market capitalisation of the Company over the last six months prior to this announcement was less than S$40 million.

Update on Future Direction and Other Material Developments

The Building and Construction Authority (BCA) estimates Singapore's 2024 construction demand to range between S$32 billion and S$38 billion, predominantly driven by the public sector, which will account for 55% of this demand through projects like the Cross Island Line and new hospital developments . The private sector is also anticipated to contribute significantly, with an estimated demand of S$11 billion to S$14 billion. The industry remains resilient despite rising costs due to shortages of labour and materials as well as elevated interest rates .

The Group will capitalise on the increasing number of opportunities to secure new projects in the current year, particularly from the public works sector in the areas of healthcare and education. At the same time, our construction segment will continue collaborating with key stakeholders on projects that will leverage our expertise and enhance our reputation. Simultaneously, our engineering solutions segment will increasingly market its green solutions to third-party clients to boost our order book and profit margins.

Given the intensifying competition in the residential market in the current year, our property development segment will shift its focus to the commercial space, which is more resilient, offers higher investment yields, advantageous cost frameworks, and can meet the diverse needs of various business occupants. The projected value of Singapore’s commercial real estate market is expected to reach US$0.51 trillion in 2024, underscoring its significant growth potential.

China's real estate industry faces several challenges, such as developer debts, cooling measures by the government, and a general slowdown in demand. To counter these challenges, as well as to stabilise and stimulate the market, the government has launched a slew of supportive measures, including increased investment in infrastructure and urban renewal projects with significant funding allocated for megaprojects. However, it is yet to be seen whether these actions by the government will positively impact China's property sector, and we remain cautious with regard to our activities in China.

The Company wishes to notify all its stakeholders and business partners that the Group’s business and operations will continue as usual, and trading in its securities will also continue in the ordinary course. The Company is taking, and will continue to take, active measures to improve its financial health with a view towards meeting the requirements of Rule 1314 of the Listing Manual, and the Board will update the shareholders of the Company as and when there are any material developments that may have a significant impact on the financial position of the Group.

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
28 February 2024