

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

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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.

**Update on Financial Situation**

For the detailed update on the Group's financial performance and financial position as at 30 June 2025, kindly refer to the Company's announcement released on 14 August 2025.

**Negative Working Capital Position**

As at 30 June 2025, the Group is in a negative working capital position with net current liabilities of approximately S\$13.9 million. This is mainly due to loan drawdowns of approximately S\$46.3 million which are short term in nature and repayable within the next 12 months, offset by the repayment of loans amounting to S\$23.6 million during the period.

Notwithstanding the above, the Board of Directors of the Company believe that the Group is able to operate as a going concern, and the condensed consolidated interim financial statements have accordingly been prepared on a going concern basis, after considering the following:

- (a) as disclosed in the Company's announcement dated 28 May 2025, the Group was closely following up with the Tianjin Municipal Authority and the Heping District Government on payment of the balance amount of RMB165,419,925 (equivalent to approximately S\$29.5 million) of the agreed compensation amount for the reacquisition of the Zizhulin Property (as defined therein). RMB163,746,735 (equivalent to approximately S\$29.2 million) was paid to the Group on 1 July 2025 and the balance RMB1,673,190 (equivalent to approximately S\$298,400) is expected to be paid by end-September 2025;

- (b) as disclosed in the Company's announcements dated 18 June 2025 and 20 June 2025, the Group expects to receive the balance amount of 90% of the consideration payable for the sale of the Tuas Property (as defined therein), amounting to S\$9.45 million in cash, within 12 weeks of 20 June 2025, being the date on which the option to purchase was exercised by the purchaser;
- (c) the Group is continuing its ongoing and active marketing efforts for the disposal of its properties held-for-sale (namely, the Fan Yoong Property and the Pontian Land Parcels (each as defined in the appendix to the notice of annual general meeting dated 15 April 2025)) which feature a minimum disposal price of S\$21.15 million and RM44.73 million (equivalent to approximately S\$13.60 million) respectively under the Disposal Mandate (as defined therein) approved by shareholders of the Company on 30 April 2025;
- (d) as at 30 June 2025, under Singapore dollar secured loan facilities of up to S\$90 million (the "**Facilities**"), further details of which are disclosed in the Company's announcement dated 6 February 2025, the Group:
  - (i) has unutilised credit facilities of S\$12.1 million; and
  - (ii) is looking to secure commitments for up to S\$35 million,
 to be made available to the Group for the Group's projects, the access to which is assumed to remain in place based on Management's discussions with the relevant financial institutions to remedy and/or waive certain breaches of loan financial covenants under the Facilities (further details of which are set out below under "Update on Secured Loan Facilities"); and
- (e) based on the above, and the cashflow forecast prepared by management for the next 12 months up to 30 June 2026, as well as projected operating cash inflows for the Group's projects in the next 12 months estimated by management, including certain new projects the Group is confident of securing, the Group should be able to meet its payment obligations as and when they fall due.

The Company will continue to prudently monitor its cash flow to meet its operational needs as well as to service its debt obligations as and when they fall due. The Board will provide updates to shareholders via SGXNET as and when there are material developments on the aforementioned.

Accordingly, the Board confirmed that all material information has been fully disclosed by the Group to enable trading to continue on an informed basis.

### **Update on Secured Loan Facilities**

As at 30 June 2025, an amount of approximately S\$42.9 million has been drawn down under the Facilities. The aforesaid outstanding borrowings are due for repayment within the next 12 months and have been classified as current liabilities as at 30 June 2025. Subsequent to 30 June 2025, the Group has repaid S\$7.2 million of the aforesaid outstanding borrowings.

Under the terms of the Facilities, the Group is required to comply with, *inter alia*, the following covenants:

- (a) a Consolidated Tangible Net Worth (computed as the aggregate of the paid-up share capital of the Company and the amount standing to the credit of the reserves of the Company, less goodwill and other intangible assets, amounts set aside for tax, minority interests and any dividend or other distribution declared, recommended or made by the Company) of not less than S\$75 million as at each of 31 March, 30 June, 30 September and 31 December;
- (b) a Consolidated Leverage Ratio (the ratio of consolidated total debt to Consolidated Tangible Net Worth) of not more than 2.5 times as at each of 31 March, 30 June, 30 September and 31 December; and
- (c) a minimum outstanding order book balance of S\$600 million for the period from 1 July 2025 to 31 December 2025 and S\$800 million for the period from 1 January 2026 onwards.

As at 30 June 2025, the covenant in (a) above was not complied with. For the period from 1 July 2025 to the date of this announcement, the covenant in (c) above was not complied with.

Due to the non-compliance of the aforesaid covenants, the relevant financial institutions are contractually entitled to request for immediate repayment of the outstanding borrowings. Under the terms of the Facilities, on and at any time after non-compliance of the aforesaid covenants which is continuing, the Agent of the Facilities may, at its discretion, and shall, if so directed by all the lenders under the Facilities, by notice, *inter alia*, call for repayment ahead of the stipulated repayment dates. The Group has been in regular communication with the relevant financial institutions on an ongoing basis in relation to the Group's compliance with the relevant covenants under the Facilities and the Agent had been notified of the aforesaid technical breaches of the relevant covenants in a timely manner. As of the date of this announcement, the Group has not received any notice for the accelerated repayment from the Agent. The Group is in discussions with the relevant financial institutions to remedy the breach of the covenants and/or to obtain a waiver for the same.

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

### **Update on Future Direction and Other Material Developments**

As disclosed in the Company's announcements dated 18 June 2025 and 20 June 2025, the purchaser of the Tuas Property (as defined therein) has exercised an option to purchase granted by the Group. The Group is still in the process of identifying potential buyers for the Fan Yoong Property and the Pontian Land Parcels (each as defined in the appendix to the notice of annual general meeting dated 15 April 2025).

### **Strategy and Outlook**

Going forward, the Company will focus on three strategic areas designed to drive sustainable growth:

**Concluding final accounts for all projects:** Having accounted for the costs associated with completing pre-pandemic contracts, the Company will focus on finalising account discussions with project owners in the second half of 2025 ("2H2025"). These discussions mainly relate to Variation Order (VO) and ex-gratia claims, and the Company aims to close them by the end of 2025 to better determine the final status of these accounts.

**Securing and delivering new contracts:** The Company now has the operational and management capacity to secure new contracts. Recent changes to the Management team include the return of Mr. Pek Lian Guan, to add to Tiong Seng's management strength in securing and delivering new contracts. Together with the "battle-hardened" core management team, the Company is looking forward to stronger execution in future projects for better returns.

**Driving capital recycling efforts:** This includes the previously declared disposal of non-core assets such as Fan Yoong Property, Pontian Land Parcels and addressing the China Equinox development.

The Company believes that with the patience and support of its partners, it will be able to return to a normal footing in its construction business, while taking active steps to improve the Group's financial and operational positions in 2H2025 and beyond.

### **Construction Sector**

Singapore's construction sector is projected to experience strong and sustained demand in 2025 and over the medium term (2026-2029). The Building and Construction Authority (BCA) forecasts total construction demand (the value of contracts to be awarded) to be between S\$47 billion and S\$53 billion in 2025. This is a significant increase from the preliminary actual demand of S\$44.2 billion in

2024. For the period from 2026 to 2029, the demand is expected to average between S\$39 billion and S\$46 billion per year.<sup>12</sup>

Growth will be driven by a strong pipeline of public and private sector projects, including major public infrastructure like Changi Airport's Terminal 5 and the Cross Island MRT Line, as well as private sector developments like the Marina Bay Sands expansion. The government is also promoting productivity through initiatives like off-site manufacturing (DfMA) and digitalisation with platforms like CORENET X. Tiong Seng has implemented a strategy for sustainable growth by leveraging strategic partnerships and enhancing internal capabilities, and despite short-term challenges, remains committed to this course. The company has also refined its project selection criteria to prioritise quality and margin.

## **Engineering Solutions**

The Group's investment in green modular solutions has gained significant traction with domestic and international clients, aligning with the Singapore Green Plan 2030. The company's portfolio includes advanced construction technologies like zero-waste steel formwork systems and innovative methods such as Prefabricated Prefinished Volumetric Construction (PPVC), Advanced Precast, Structural Steel, and Mass Engineered Timber. These technologies enhance quality and environmental performance. The increasing demand for sustainable construction methods highlights the relevance of Tiong Seng's specialist capabilities in Engineering Solutions, which are well-positioned as future growth drivers.

## **Property Development**

The outlook for China's property sector in 2025 and 2026 is one of "cautious stabilisation" rather than a widespread recovery. Government interventions and measures have had a modest positive impact on slowing price declines, but a large overhang of unsold housing inventory and weak consumer confidence persist. Analysts anticipate new home prices may stabilise in the second half of 2025, with a slower recovery for secondhand prices and a gradual return to price growth more likely in 2026.<sup>[3]</sup> Tiong Seng is responding to this environment by strategically concentrating on specialised sectors, such as the Silver Economy and ageing care facilities, to mitigate market risks and capitalise on sustainable growth opportunities.

## **Digital Solutions**

PylonAI is the cornerstone of the Group's Digital Solutions segment. This solution, which leverages construction expertise and data analytics, enhances project risk management by integrating IoT technology with operational data to provide real-time insights. PylonAI also creates new revenue opportunities beyond traditional construction. The Group anticipates that synergies between PylonAI and the Engineering Solutions division will further contribute to future growth. Through its focus on digital capabilities, Tiong Seng is positioned to take on larger and more complex projects, strengthening its competitive advantage in the built environment sector.

## **BY ORDER OF THE BOARD**

Pek Lian Guan  
Executive Director and CEO  
14 August 2025

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<sup>1</sup> [Construction Demand to Remain Strong For 2025](#)

<sup>2</sup> [Up to \\$53 billion in construction contracts expected in 2025: BCA](#)

<sup>3</sup> [China's Residential Property Market Analysis 2025](#)