

**AWARD OF CONSTRUCTION CONTRACT WORTH APPROXIMATELY \$38.5 MILLION TO ROBIN VILLAGE DEVELOPMENT PTE LTD BY THE CONTROLLING SHAREHOLDER OF THE COMPANY, PECK TIONG CHOON (PRIVATE) LIMITED (A SPECIFIC INTERESTED PERSON TRANSACTION)**

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**1. INTRODUCTION**

**1.1. Award of Contract**

The Board of Directors of Tiong Seng Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, Robin Village Development Pte Ltd (“**Robin Village**”), has been awarded the contract (the “**Contract**”) for the proposed erection of a 7-Storey Single User Ramp-up Industrial Development with ancillary offices & staff canteen on Lot 01544C MK 07 at Tuas West Avenue (the “**Project**”) by the controlling shareholder of the Company, Peck Tiong Choon (Private) Limited (“**PTC**”), at the contract sum of approximately S\$38,541,911 (the “**Contract Sum**”).

**1.2. Requirements under the Listing Manual**

PTC is a private company incorporated in Singapore. As at the date of this announcement, PTC holds an aggregate direct and deemed interest in 303,459,480 shares in the capital of the Company (“**Shares**”), which is equivalent to approximately 66.7% of the total number of issued Shares (excluding treasury shares). Accordingly, PTC, being the controlling shareholder of the Company, is an “interested person” and the consummation of the Contract, and all transactions contemplated thereunder, will constitute an “interested person transaction” (“**IPT**”) for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015, the net tangible assets (“**NTA**”) of the Group was \$258,465,000. Consequently, as the value of the Contract is approximately \$38,541,911 or approximately 14.9% of the Group’s NTA, the IPT is in excess of 5% of the Group’s NTA which, unless an exception under Chapter 9 of the Listing Manual is applicable, would have to be subject to the approval of the shareholders (“**Shareholders**”) at an extraordinary general meeting of the Company (the “**EGM**”) pursuant to Rule 906 (1) (a) of the Listing Manual.

**2. PRINCIPAL TERMS**

**2.1. Tender Process**

PTC had called a tender in relation to the Project and appointed Surbana Jurong Consultants Pte Ltd (“**Agent**”) as the consultant and tender agent. Following the evaluation of the respective quotations and merits of the bidders, the Agent had in April 2016, recommended to

PTC that Tiong Seng Contractors (Private) Limited (“TSC”), a wholly-owned subsidiary of the Company, be considered for the award for the Project. Pursuant to discussions between TSC and PTC, PTC issued the letter of award to Robin Village as the main contractor for the Project.

## **2.2. Other Details**

### **2.2.1. Contract Price**

The Contract Sum, which excludes GST, takes into account, *inter alia*, the cost of structural works, the prime cost sums, site preparation works, piling works and general conditions and preliminaries.

### **2.2.2. Contract Period**

The Project shall be completed by 03 July 2017, which takes into account the time needed for authorities’ approvals, mobilisation, construction works and demobilisation.

### **2.2.3. Retention Sum**

The retention sum shall be 5% of the Contract Sum, of which 2.5% shall be released upon the issuance of the Temporary Occupation Permit (TOP) by the relevant authorities, and the remaining 2.5% shall be released by the end of the 12 months’ defects liability period.

### **2.2.4. Conditions of Contract**

It is provided for in the Contract that the standard form agreement (the REDAS Design-and-Build Contract, 3rd Edition) published by the Real Estate Developers’ Association of Singapore will govern the formal agreement to be entered into with PTC pursuant to the terms of the Contract.

### **2.2.5. Performance Bond**

It is envisaged that under the terms of the IPT, a performance bond in the sum equivalent to 5% of the Contract Sum will be obtained from a financial institution or bank.

### **2.2.6. Liquidated Damages**

It is envisaged that the terms of the IPT would include liquidated damages of S\$7,300 per calendar day for any delays from the estimated completion date of the Contract, i.e. 3 July 2017.

### **3. RATIONALE AND BENEFIT**

The non-interested Directors of the Company are of the view that the Group should not turn down the opportunity to bid for a project without due consideration simply because PTC is an interested person. Further, the Contract will benefit the Company in terms of its utilisation of its excess capacity, thereby contributing positively to the Group's financial results, especially in view of the current general slowdown in the construction industry in Singapore.

The Contract will allow the Group to utilise its newly acquired knowledge in virtual design and construction ("**VDC**") which will enable the integration of multi-disciplinary concepts in the construction process. VDC is a relatively new concept in Singapore and the use of such technology will help the Group to differentiate itself from its competitors.

### **4. EXTRAORDINARY GENERAL MEETING AND CIRCULAR TO SHAREHOLDERS**

The Directors will be convening an extraordinary general meeting to seek the approval of Shareholders for the IPT. A circular to Shareholders, containing, *inter alia*, further details in relation to the IPT will be despatched by the Company to Shareholders in due course (the "**Circular**").

### **5. INDEPENDENT FINANCIAL ADVISER**

Pursuant to Chapter 9 of the Listing Manual of the SGX-ST, Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser ("**IFA**") to advise the non-interested Directors and to opine on whether the IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

### **6. AUDIT COMMITTEE STATEMENT**

The audit committee of the Company, which comprises 2 independent Directors and 1 non-executive Director who are also the non-interested Directors in relation to the IPT, will consider the opinion of the IFA before forming its view as to whether the IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Such view will be made known in the Circular.

### **7. OTHER INTERESTED PARTY TRANSACTIONS**

Save for the IPT and the transactions entered into by the Group with PTC and/ or its associates that are conducted under the general Shareholders' mandate pursuant to Rule 920 of the Listing Manual (the "**General Mandate**"), there are no other interested person transactions (excluding transactions less than S\$100,000) that were entered into by the Group with PTC and/ or its associates for the current financial year beginning 1 January 2016 up to the date of this announcement (the "**Relevant Period**"). For the Relevant Period, the aggregate value of all interested person transactions (excluding transactions less than S\$100,000) entered into by the Group with PTC and/ or its associates that are conducted under the General Mandate is S\$8,130,000.

Save as disclosed above, there are no other interested person transactions (excluding transactions less than S\$100,000) that were entered into by the Group with any interested person other than PTC and/or its associates for the Relevant Period. As such, the current total of all interested person transactions for the Relevant Period, including the IPT, is approximately S\$46,672,000.

BY ORDER OF THE BOARD  
TIONG SENG HOLDINGS LIMITED

Pek Lian Guan  
Executive Director and CEO

11 November 2016