

PROPOSED PLACEMENT OF 20,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF TIONG SENG HOLDINGS LIMITED

– **ENTRY INTO PLACEMENT AGREEMENT**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Tiong Seng Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 30 December 2024 entered into a placement agreement (the "**Placement Agreement**") with Continental Steel Pte Ltd (the "**Placee**"), pursuant to which the Placee will subscribe for, and the Company will allot and issue to the Placee, an aggregate of 20,000,000 new ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S\$0.10 for each Placement Share (the "**Placement Price**"), for an aggregate consideration of S\$2,000,000 (the "**Proposed Placement**").

As at the date of this Announcement, the issued and paid-up share capital of the Company comprises 441,076,649 ordinary shares ("**Shares**") (excluding treasury shares). Immediately following the completion of the Proposed Placement ("**Completion**"), the Company will have an enlarged issued and paid-up share capital comprising 461,076,649 Shares (excluding treasury shares). The Placement Shares would represent approximately 4.53% of the issued Shares (excluding treasury shares) of the Company as at the date of this Announcement and approximately 4.34% of the issued Shares (excluding treasury shares) comprised in the enlarged share capital of the Company immediately after Completion.

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 Placee and Placement Shares

The Placee was incorporated in 1982 and is one of the largest premier steel suppliers in Southeast Asia with an established track record in supplying a full range of structural steel products and services such as cutting and drilling, auto shot blasting and painting, engineering and technical support, galvanizing, delivery and storage, to customers in the construction, oil and gas, marine and renewable industries. The Placee is a pioneer in green steel within the region and places strong emphasis on sustainability, with approximately 85% of its steel supply originating from recycled steel, and also supplies "green" low embodied carbon steel made entirely from scrap metal and forged solely by renewable electricity generated from solar and offshore wind.

The Group has previously collaborated successfully with the Placee on notable projects, including the use of structural steel tubular struts at the Great World MRT Station project and steel fibre reinforced concrete ("**SFRC**") at the Outward Bound Singapore campus project. The use of SFRC has demonstrated significant benefits, including substantial time, material and manpower savings, as well as enhanced productivity, by reducing traditional reinforcement installation time and improving overall construction efficiency.

In furtherance of the collaboration between the Group and the Placee, the Placee had expressed interest to invest in the Company and had extended a S\$10 million short-term loan to the Group

in November 2024 (the "**Term Loan**"), and the parties had agreed in the Term Loan documentation to allow the Placee to carry out a strategic investment in the Company, signalling the Group's and the Placee's commitment to exploring mutual synergies and innovative approaches to sustainable construction in Singapore's built environment sector.

The Company did not appoint any placement agent for the purposes of the Proposed Placement, and no commission, fee or other selling or promotional expenses are payable or have been incurred by the Company in connection with the Proposed Placement, other than those incurred for administrative or professional services.

The Proposed Placement will not result in a change of controlling interest in the Company. The Placee is also not related to any Directors or substantial shareholders of the Company and does not fall within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**").

The Placement Shares, when allotted and issued, will rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of Completion.

2.2 Placement Price

The Placement Price represents a premium of approximately 19.33% to the volume weighted average price of S\$0.0838 for trades done on the Shares of the Company on the SGX-ST for the full market day on 27 December 2024, being the last full market day preceding the date of execution of the Placement Agreement on which there was trading in the Shares on the SGX-ST.

The Placement Price was arrived at following arm's length negotiations between the Group and the Placee taking into account, amongst others, the prevailing market price of the Shares, and was agreed in the Term Loan documentation.

2.3 Additional Listing Application

The Proposed Placement will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore (the "**MAS**") in connection with the issuance of the Placement Shares.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval in-principle of the listing and quotation of the Placement Shares has been obtained from the SGX-ST.

2.4 Authority for Issue of Shares

The Placement Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company ("**Shareholders**") at the Company's annual general meeting held on 30 April 2024.

2.5 Conditions Precedent

Completion is conditional upon:

- (a) the approval in-principle of the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST ("**Listing Approval**") having been obtained and such approval remaining in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the Company and the Placee and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of Completion;
- (b) the allotment, issuance and subscription of the Placement Shares and all the transactions contemplated in the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the MAS and the SGX-ST) in Singapore which is applicable to either the Company or the Placee, including but not limited to the provisions of the Listing Manual and the SFA; and
- (c) the representations, warranties and undertakings by the Company and the Placee remaining true and correct in all material respects as if made on the date of Completion, with reference to the then existing facts and circumstances, and each of them having performed all of its obligations under the Placement Agreement to be performed on or before Completion.

If any of the conditions aforementioned is not satisfied on or before 31 March 2025 or such later date as the Company and the Placee may agree in writing, the Proposed Placement will not proceed.

2.6 Rationale and Use of Proceeds

The rationale for the Proposed Placement is as a strategic investment to build on the established and robust working relationship between the Group and the Placee, by leveraging the Group's proven track record of construction innovation and project delivery to develop more sustainable and efficient construction methodologies for Singapore's built environment. As one of the pioneers of green steel within the region, the Placee will enhance the Group's environmental credentials, and further strengthen the Group's ability to meet the growing demand for alternative environmentally friendly solutions, positioning the Group as a strong advocate for green construction practices. The Proposed Placement is not expected to give rise to any material conflicts of interest as the existing business relationship is between the Placee and the Group, and the Placee does not have any business relationships with the directors or substantial shareholders of the Company. Furthermore, a strategic investment in the Company by the Placee and further collaboration with the Placee is expected to benefit the Group.

The estimated net proceeds (the "**Net Proceeds**") from the Proposed Placement, after deducting estimated expenses, amount to approximately S\$1.92 million.

The Company intends to utilise 100% of the Net Proceeds for the working capital needs of the Group, which includes operating and administrative expenses (including staff salaries) and related expenses as well as trade and non-trade payments (including payments to its subcontractors). For the avoidance of doubt, the Net Proceeds will not be used to repay the

Term Loan. The funds raised in the Proposed Placement will further bolster the Company's working capital and strengthen the Group's balance sheet.

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the Company may, in its absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this Announcement. The Company will also provide a status report of the use of proceeds from the Proposed Placement in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company's announcement and annual report.

2.7 Financial Effects

As at the date of this Announcement, the issued and paid-up share capital of the Company comprises 441,076,649 Shares (excluding treasury shares). On Completion, the issued and paid-up share capital of the Company will increase to 461,076,649 Shares (excluding treasury shares).

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023:

- (a) assuming the Proposed Placement was completed on 1 January 2023, with all the Placement Shares being in issue during this period, the losses per share of the Group for FY2023 would be as follows:

	Before Proposed Placement	After Proposed Placement
Weighted average number of shares	441,076,649	461,076,649
Losses per Share (Singapore cents)	2.75	2.63

- (b) assuming the Proposed Placement was completed on 31 December 2023, the consolidated net tangible assets per Share after adjusting for the Placement Shares and the Net Proceeds would be as follows:

	Before Proposed Placement	After Proposed Placement
Number of shares	441,076,649	461,076,649
Net tangible assets per share (Singapore cents)	16.35	15.64

It should be noted that the above financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the financial results and financial position of the Company and the Group immediately after Completion.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Placement (other than their direct or indirect shareholdings in the Company and the existing business relationship between the Placee and the Group as set out in paragraph 2.1 of this Announcement).

4. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of the conditions precedent set out above and there is no assurance that the Proposed Placement will be completed. Accordingly, Shareholders and potential investors should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
30 December 2024