

RESPONSE TO SGX'S QUERIES REGARDING ANNUAL REPORT 2017

The Board of Directors of Tiong Seng Holdings Limited (the "Company", together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Limited ("SGX") on its Annual Report 2017 ("Annual Report"). The Company appends the SGX's queries and its response as follows:

SGX's query:

Please announce and explain material variances between the Company's Full Year Results ("Results Announcement") and Annual Report for FY2017 ("Annual Report") in the Company's Statement of Financial Position and Statement of Cash Flows.

Company's response:

The variances between the Group's Statement of Financial Position and Statement of Cash Flows in the Annual Report compared with the Results Announcement dated 23 February 2018 was due to the accounting treatment applied to the recording of the Group's investment in TSky Development Pte Ltd ("TSky") and its group of companies.

The Group holds 60% of the equity interest in TSky and had consolidated it as a subsidiary company during the Results Announcement. Subsequently, having considered factors beyond equity interests and control of the board of TSky, there are other key matters and activities where joint controls are to be exercised between the Group and the other shareholder. Accordingly, the Group has amended the accounting treatment of TSky Group from one that was consolidated to that of an equity accounting and classified it under "Associates & Joint Venture" in the Annual Report.

The followings are the areas of variances extracted from Results Announcement and the Annual Report:

	Annual Report S\$'000	Results Announcement S\$'000	Variance S\$'000
Extracted from Statement of Financial Position			
Non-current assets			
Associates and joint ventures	24,663	10,802	13,861
Current assets			
Development properties	278,676	367,695	(89,019)
Trade and other receivables	165,618	166,381	(763)
Amounts due from related parties	49,716	50,867	(1,151)
Cash and cash equivalents	143,715	144,120	(405)
Total assets	853,492	930,969	(77,477)

	Annual Report S\$'000	Results Announcement S\$'000	Variance S\$'000
Extracted from Statement of Financial Position			
Equity attributable to owners of the Company			
Non-controlling interests	46,838	47,815	(977)
Total equity	327,369	328,346	(977)
Non-current liabilities			
Loans and borrowings	17,184	77,559	(60,375)
Current liabilities			
Trade and other payables	333,424	333,807	(383)
Amounts due to related parties	15,486	31,228	(15,742)
Total liabilities	526,123	602,623	(76,500)
Total equity and liabilities	853,492	930,969	(77,477)

	Annual Report S\$'000	Results Announcement S\$'000	Variance S\$'000
Extracted from Statement of Cash Flows			
Cash flows from operating activities			
Profit from operating activities	44,544	44,492	52
Changes in:			
Development properties	53,201	(35,818)	89,019
Trade and other receivables	110,002	109,238	764
Trade and other payables	(63,165)	(62,782)	(383)
Net cash from operating activities	135,359	45,907	89,452
Cash flows from investing activities			
Investment in a joint venture	(12,739)	-	(12,739)
Net cash used in investing activities	(22,914)	(10,175)	(12,739)
Cash flows from financing activities			
Balances with related parties (non-trade)	(881)	14,861	(15,742)
Proceeds from loans and borrowings	41,364	101,739	(60,375)
Net cash used in financing activities	(58,444)	17,673	(76,117)
Net increase/(decrease) in cash and cash equivalents	54,001	53,405	596
Effect of exchange rate changes on balances held in foreign currencies	(269)	732	(1,001)
Cash and cash equivalents at end of the year	141,334	141,739	(405)

**BY ORDER OF THE BOARD
TIONG SENG HOLDINGS LIMITED**

**Pek Lian Guan
Executive Director and CEO**

11 May 2018