

TIONG SENG HOLDINGS LIMITED

(Incorporated in Singapore)

(Company Registration No. 200807295Z)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX”) IN RESPECT OF THE COMPANY’S FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2010

The Board of Directors of Tiong Seng Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) has been requested by SGX to provide further information in relation to the Company’s First Quarter Financial Statement for the period ended 31 March 2010 which was released via SGXNET on 2 June 2010.

The queries from SGX and the Company’s corresponding responses are set out below.

SGX queries

We note that in balance sheet under current assets, 'Trade and other receivables' increased 6% from S\$127.1 million to S\$134.7 million. This is despite the 56% fall in revenue from S\$122.8 million to S\$54.19 million. In view of this, please provide the following:

- (i) Receivables turnover ratio for the current quarter as compared to the corresponding period and elaborate on any material variances; and
- (ii) Directors views on whether the provision for doubtful debts is adequate and basis for their views.

Company’s response

- (i) Revenue derived from property development segment generally has no credit terms while the credit terms extended to customers in the Group’s construction segment as of Q12010 range from 21 to 35 days, depending on the contractual terms. Hence, in computing trade receivables turnover, only the construction segment will be relevant.

Trade receivables turnover ratios for the Group’s construction segment for the relevant periods were as follows:

(S\$’000)	Q1 2010	FY 2009
Trade receivables (exclude retention monies)	12,823	17,633
Accrued trade receivables (exclude retention monies)	32,502	24,796
Total trade receivables (exclude retention monies)	45,325	42,429
Turnover	48,869	279,086
Trade receivables turnover (exclude retention monies) - days	85	55
Trade receivables turnover (exclude retention monies & accrual) - days	24	23

The increase in turnover days was due mainly to the increase in accrued trade receivables arising from the time lag between certification of work done by consultants on the various construction projects and actual billings. Excluding accrued trade receivables, the receivables turnover days were within the credit terms granted with no significant fluctuations compared to FY 2009.

- (ii) The increase in trade receivables for the Group's construction segment was due to receivables from reputable customers with whom the Group had good payment experiences. Approximately 78% of the accrued trade receivables for the Group's construction segment were collected subsequent to 31 March 2010, with approximately 19% billed in May 2010 and not due for collection. Accordingly, the Directors are of the view that the provision for doubtful debts is adequate.

Other than the S\$2.9 million increase in trade and accrued receivables as above, the increase in trade and other receivables as at 31 March 2010 was also due mainly to the additional S\$3.9 million deposit placed for a piece of land for the Group's property development segment, and the land use right has been obtained subsequent to 31 March 2010. Accordingly, no provision was required and the deposit will be transferred to land costs to be capitalised in the development costs until completion and sale of that development.

BY ORDER OF THE BOARD
TIONG SENG HOLDINGS LIMITED

Pek Lian Guan
Executive Director and CEO

8 June 2010

DBS Bank Ltd ("DBS") was the Manager, Underwriter and Placement Agent for Tiong Seng's Initial Public Offering. DBS assumes no responsibility for the contents of this announcement.