



TUAN SING HOLDINGS LIMITED

(Registration No. 196900130M)

CLARIFICATION ON 2015 ANNUAL REPORT

The Board of Directors (the “**Board**”) of Tuan Sing Holdings Limited (the “**Company**”) wishes to inform shareholders that the Company has received the following query from the Singapore Exchange in relation to the 2015 Annual Report, to which the Board's response is as set out below:

Query:

Guideline 11.3 of the Code of Corporate Governance 2012 (the “**Code**”) states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) regarding the effectiveness of the company's risk management and internal control systems.

As required under Listing Rule 710, please disclose the Board's comments on the adequacy of the risk management systems.

Answer:

1. The Board has disclosed that the Board has received assurance from Chief Executive Officer (“ CEO ”) and the Chief Financial Officer (“ CFO ”) that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective.	<i>Please refer to the section “CEO & CFO's Responsibility Statement” on page 23 of the 2015 Annual Report, a summary of which is repeated in the discussion on Guidelines 10.1 and 11.3 of the Code under the Corporate Governance Report on pages 94 and 95 of the 2015 Annual Report.</i>
2. The Board has stated its view that the Group's risk management and internal control systems, put in place to address the risk relating to financial, operational, compliance and information technology controls, are adequate and effective.	<i>Please refer to the three-paragraph discussion on Guideline 11.3 of the Code under the Corporate Governance Report on page 95 of the 2015 Annual Report.</i>



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In addition, to facilitate stakeholders' making an informed assessment of the Company's risk management systems, the Board has in the 2015 Annual Report, apart from merely stating its view on the Group's risk management systems, disclosed certain information and commentary in relation to the same, the salient points of which are summarised below for easy reference:

1. It has been disclosed that the Group carries out its risk management functions using an enterprise risk management ("ERM") framework in line with ISO 31000 - Risk Management Principles and Guidelines and recommended best practices standard.	<i>Please refer to paragraph 2 of the section "Managing Risk in Delivering our Strategy" on page 56 of the 2015 Annual Report, a summary of which is repeated in the discussion on Guideline 11.1 of the Code under the Corporate Governance Report on page 94 of the 2015 Annual Report.</i>
2. It has been disclosed that pursuant to the ERM framework, key risks (24 of them in FY2015) have been identified and classified according to, <i>inter alia</i> , the nature of such risks, likelihood of occurrence and consequential impact on the Group as a whole.	<i>Please refer to paragraph 3 of the section "Managing Risk in Delivering our Strategy" on page 56 of the 2015 Annual Report, and also see the risk matrix table and descriptions of risks in the section "Business Dynamics and Risk Factors Statement" on pages 58 to 63 of the 2015 Annual Report, a summary of which is repeated in the discussion on Guideline 11.1 of the Code under the Corporate Governance Report on page 94 of the 2015 Annual Report.</i>
3. It has been disclosed that the Group's process of risks identification takes both a 'top-down' and 'bottom-up' approach, namely, strategic risk management (undertaken at the Board level and monitored on a quarterly basis by the Audit and Risk Committee), and operational risk management (undertaken at the respective strategic business units and reviewed by the CEO and CFO), with an escalation of issues, if any from the operational to strategic level where appropriate.	<i>Please refer to the discussion on 'Our risk management principles' and 'Annual review of risk governance and oversight structure' under the section "Managing Risk in Delivering our Strategy" on page 56 of the 2015 Annual Report.</i>



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<p>4. It has been disclosed that the operation of the risk management systems has led the Company to conclude that our risk appetite and risk profile for 2015 remains broadly unchanged, albeit with an increased risk exposure to business continuity risk and interest rate risk from an overall group perspective, a need to closely monitor the impact of the changing business environment on our risk landscape, and highlighted the need to address personal data protection risk in view of the relevant applicable legislation in Singapore and Australia.</p>	<p><i>Please refer to the discussion on 'Key risk profile 2015' under the section "Business Dynamics and Risk Factors Statement on page 58 of the 2015 Annual Report and the discussion on 'Risk management in action: risk relating to personal data protection' under the section "Managing Risk in Delivering our Strategy" on page 57 of the 2015 Annual Report.</i></p>
<p>5. The Board has commented that the risk undertaken by us (which are necessary to enable the Group to achieve its corporate strategies and business goals) should be within our risk appetites after taking into consideration our assessment of the macro-environment that we are operating in, and after due enquiry, there are no risks that could affect the ability of the Group to continue as a going concern in the next twelve months.</p>	<p><i>Please refer to the discussion on 'Manage risk in delivering our strategy', under the section "Managing Risk in Delivering our Strategy" on page 56 of the 2015 Annual Report and the discussion on 'No threat to going concern' under the section "Business Dynamics and Risk Factors Statement" on pages 58 to 63 of the 2015 Annual Report.</i></p>

The Board affirms that it has complied with the Code and has received the assurance from the CEO and the CFO as recommended under Guideline 11.3 of the Code of Corporate Governance 2012. In addition, since year 2011, the Company's annual reports contain a joint responsibility statement issued by the CEO and the CFO.

The Board also wishes to take this opportunity to re-affirm that they are of the view that the Group's risk management systems are adequate, in line with their view on the effectiveness of the Group's risk management systems as stated in the 2015 Annual Report.

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary
12 April 2016