

TAT SENG PACKAGING GROUP LTD

(Company No. 197702806M)
(Incorporated in the Republic of Singapore)
(the "Company")

RESPONSE TO SGX-ST'S QUERY ON THE COMPANY'S FULL YEAR RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors of Tat Seng Packaging Group Ltd (the "**Company**") refers to the query raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") on the full year Results Announcement for the financial year ended 31 December 2017 and wishes to provide further information and clarification as follows:

SGX-ST's query:

We note that the Company has stated in page 1 of the Results Announcement that the "allowances made for impairment loss for inventories" for FY2017 amounted to \$716,000. Please explain the material variance under "allowances made for impairment loss for inventories" in FY2016 and FY2017.

Company's response:

Our China segment acquired higher amount of raw materials in the second half of FY2017 following the run up of raw material prices on anticipation that the prices will continue on an upward trend. However, raw material prices soften in December, which resulted in the average cost of the closing inventory to be lower than the market price as at 31 December 2017. Allowances were made to reduce the carrying value of the inventory to the net realisable value as at 31 December 2017.

By Order of the Board

Chew Kok Liang
Company Secretary
5 March 2018