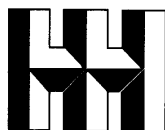


HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
DATED 10 APRIL 2006 IN RELATION TO
THE RENEWAL OF SHARE PURCHASE MANDATE**

Registered Office: 38 South Bridge Road, Singapore 058672.
Website: www.hwahongcorp.com



HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 10 APRIL 2006 IN RELATION TO THE RENEWAL OF SHARE PURCHASE MANDATE

Directors:

Hans Hugh Miller (Chairman)
Ong Choo Eng (Group Managing Director)
Ong Mui Eng
Ong Hian Eng
Guan Meng Kuan
Chew Loy Kiat
Goh Kian Hwee
Boon Suan Lee
Ma Kah Woh, Paul
Wee Sin Tho
Ong Eng Loke (Alternate Director to Ong Mui Eng)

Registered Office:

38 South Bridge Road
Singapore 058672

10 April 2006

To: The Shareholders of **HWA HONG CORPORATION LIMITED**

Dear Shareholders

RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

We refer to (a) the Notice convening the Fifty-Third Annual General Meeting (“AGM”) of Hwa Hong Corporation Limited (the “Company”) to be held on 26 April 2006 and (b) the proposed Resolution 14 (to be passed as an Ordinary Resolution) as set out in the Notice of AGM relating to the renewal of a general mandate to authorise the Directors of the Company (the “Directors”) to exercise all powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “Shares”) subject to the terms of such mandate (the “Share Purchase Mandate”).

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act, Chapter 50 (the “Companies Act”) and the rules of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and such other laws and regulations as may, for the time being, be applicable.

At an extraordinary general meeting of the Company held on 7 November 2003, shareholders of the Company (the “Shareholders”) had approved the grant of a Share Purchase Mandate to enable the Company to purchase or otherwise acquire issued Shares. The Share Purchase Mandate was renewed at the Company’s AGMs held on 23 April 2004 and 20 April 2005. The existing Share Purchase Mandate will expire on the date of the forthcoming Fifty-Third AGM, being 26 April 2006. The Directors propose that the existing Share Purchase Mandate be renewed at the Fifty-Third AGM.

The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 15 October 2003 and also in this Appendix to the Notice of AGM and Resolution 14 set out in such Notice of AGM.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. PURCHASE OF SHARES DURING THE PREVIOUS TWELVE (12) MONTHS

As at 28 March 2006, being the latest practicable date prior to the printing of this Appendix (the "Latest Practicable Date"), the Company has not made any purchase of Shares under the existing Share Purchase Mandate approved by Shareholders at the Company's AGM held on 20 April 2005.

3.1 CERTAIN EFFECTS OF THE COMPANIES (AMENDMENT) ACT 2005 ON SHARE PURCHASE

The Companies (Amendment) Act 2005 (the "Amendment Act"), which was gazetted on 10 June 2005, came into effect on 30 January 2006. The Amendment Act amended various provisions of the Companies Act, including the following key changes to the provisions relating to purchase or acquisition by a company of its own shares:

- (1) Where ordinary shares are purchased or acquired by a company, the company may elect to cancel such ordinary shares or to hold them in treasury as treasury shares. A company may at any time deal with such treasury shares in accordance with Section 76K of the Companies Act. Before the commencement of the Amendment Act, shares that are purchased or acquired by a company must be cancelled;
- (2) A company may purchase or acquire its shares either out of its profits or its capital so long as the company is solvent. Before the commencement of the Amendment Act, a company may purchase or acquire its shares only out of its distributable profits (and not out of its capital); and
- (3) The Amendment Act tightens the solvency test that must be passed before a company may purchase or acquire its shares (see paragraph 4.4 below).

3.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The existing Article 16 of the Articles of Association of the Company on purchase of Shares states as follows:

"Subject to and in accordance with the provisions of the [Companies Act], the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire shares (whether ordinary or preference or otherwise), options, stocks, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the [Companies Act]."

Article 16 provides generally that the Company may repurchase Shares "in the manner prescribed by the [Companies Act]"; it does not specifically restrict the Company to repurchasing Shares out of profits only or require repurchased Shares to be cancelled immediately. Following the recent amendments to the Companies Act as described in paragraph 3.1 above, the Company is permitted under Article 16 to repurchase its Shares out of the capital of the Company and to hold repurchased Shares as treasury shares.

Whilst the Share Purchase Mandate to be renewed contemplates that repurchased Shares may be held as treasury shares by the Company, the Company intends to undertake a review of its Articles of Association and make amendments thereto as may be necessary or appropriate in connection with, *inter alia*, the holding of treasury shares by the Company, before the Company holds any Shares repurchased or acquired by it as treasury shares.

In the meantime, the Company is seeking approval from its Shareholders for the annual renewal of the Share Purchase Mandate.

4. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

4.1 Rationale

The Share Purchase Mandate will give the Directors the flexibility to purchase issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. Share purchases may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Company and its subsidiaries (the "Group"). Share purchases may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

The Directors will decide whether to effect the share purchases after taking into account, the prevailing market conditions, the financial position of the Group and other relevant factors. Share purchases will only be made if the Directors believe that such purchases would benefit the Group.

4.2 Terms of the Share Purchase Mandate

The authority and limitations placed on the purchase or acquisition of Shares by the Company under the Share Purchase Mandate, if renewed, are summarised below (based on those previously approved by the Shareholders and taking into account certain changes relating to share purchases or acquisitions introduced by the Amendment Act as summarised in paragraph 3.1 above):

(1) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

Subject to the Companies Act, the total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of issued Shares (excluding any Shares which are held as treasury shares) as at the date of the AGM at which the Share Purchase Mandate is approved.

(2) Duration of authority

Shares purchases may be made, at any time and from time to time, by the Company from the date of the AGM at which the Share Purchase Mandate is approved up to the earlier of:

- (a) the date on which the next AGM of the Company is held or required by law to be held; or
- (b) the date on which share purchases are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

(3) Manner of purchase

Share purchases may be made by the Company by way of:

- (a) a market purchase of Shares on the SGX-ST ("Market Purchase"); and/or
- (b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("Off-Market Purchase").

In a Market Purchase, the purchase of Shares by the Company is transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Memorandum and Articles of Association of the Company, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Under the Listing Manual, in making an off-market purchase in accordance with an equal access scheme, a listed company must issue an offer document to all shareholders containing, *inter alia*, the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed share purchases;
- (d) the consequences, if any, of share purchases by the listed company that will arise under The Singapore Code on Take-overs and Mergers (the "Take-over Code") or other applicable take-over rules;
- (e) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST; and
- (f) details of any share purchases made by the listed company in the previous 12 months (whether by way of market purchases or off-market purchases in accordance with an equal access scheme), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

(4) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

- (b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as defined hereinafter),

("Maximum Price") in either case, excluding related expenses of the purchase.

For the above purposes:

"Average Closing Price" means the average of the Closing Market Prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"market day" means a day on which the SGX-ST is open for trading in securities.

4.3 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Shares purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, as amended by the Amendment Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with Section 76H of the Companies Act.

(1) Purchased Shares held in treasury

Under the Companies Act, as amended by the Amendment Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares ("Treasury Shares"). Certain of the provisions on Treasury Shares under the Companies Act, as amended by the Amendment Act, are summarised below:

- (a) Maximum holding: The aggregate number of Shares held by the Company as Treasury Shares shall not at any time exceed 10% of the total number of Shares of the Company at that time. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares within 6 months after the aforesaid limit is first exceeded.
- (b) Voting and other rights: Upon the purchase of the Treasury Shares, the Company will be registered as a member in respect of the Treasury Shares but the Company shall not exercise any right (including any right to attend or vote at meetings) in respect of the Treasury Shares and any purported exercise of such a right is void. For the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of the Treasury Shares is allowed. In addition, subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed as long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

- (c) Disposal or cancellation: Where Shares are held as Treasury Shares, the Company may, in accordance with the Companies Act, at any time:
- (i) sell the Treasury Shares (or any of them) for cash;
 - (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
 - (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the Treasury Shares (or any of them); or
 - (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

(2) Purchased Shares cancelled

Under the Companies Act, as amended by the Amendment Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation.

4.4 Source of funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Articles of Association of the Company and in accordance with applicable laws in Singapore.

Under the Companies Act, as amended by the Amendment Act, any purchase or acquisition of shares may be made out of the company's capital or profits so long as the company is solvent. Before the Amendment Act came into force, any payment made by a company in consideration of the purchase or acquisition of its own shares may only be made out of the company's distributable profits.

For this purpose, a company is “solvent” if:

- (a) the company is able to pay its debts in full at the time of the purchase or acquisition of its shares and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the purchase or acquisition; and
- (b) the value of the company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group’s internal resources to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire the Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares to be purchased or acquired and the consideration to be paid by the Company at the relevant time.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially affect the working capital requirements or the gearing levels of the Group.

4.5 Latest Practicable Date

The financial illustrations in paragraph 4.6, the percentage of public float in paragraph 4.8 and the shareholding interests in paragraph 4.9 were based on information as at the Latest Practicable Date.

4.6 Financial effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

For illustrative purposes only, the impact of the purchase or acquisition by the Company of issued Shares pursuant to the Share Purchase Mandate on the financial positions of the Company and of the Group in the case of (1) a Market Purchase, and (2) an Off-Market Purchase is illustrated below.

On the basis of 653,504,000 Shares in issue as at the Latest Practicable Date and there are no outstanding options to subscribe for Shares pursuant to the Company’s share option schemes (the “Options”) as at the Latest Practicable Date and assuming no Shares are held by the Company as Treasury Shares on or prior to the forthcoming AGM, the exercise in full of the Share Purchase Mandate would result in the purchase by the Company of 65,350,400 Shares, representing 10% of the total number of issued Shares of the Company. The financial effects on the purchase or acquisition of Shares by the Company made entirely out of capital are based on the purchase or acquisition of 65,350,000 Shares (rounded down to the nearest 1,000 Shares).

However, having regard to the amount of distributable reserves of the Company as at 31 December 2005 of about \$16.59 million, the financial effects on the purchase or acquisition of Shares by the Company made entirely out of profits are based on the utilisation of funds of up to \$16 million (rounded down to the nearest million).

(1) In a Market Purchase

Assuming that the Company purchases or acquires 65,350,000 Shares at the Maximum Price of \$0.654, being 5% above the Average Closing Price of \$0.623 (as defined above) as at the Latest Practicable Date, the maximum amount of funds which will be required by the Company is \$42,738,900.

However, assuming the use of distributable reserves of the Company of up to \$16 million, the maximum number of Shares which can be purchased or acquired at the Maximum Price under and during the duration of the Share Purchase Mandate is 24,464,000 Shares (rounded down to the nearest 1,000 Shares), which amount to less than 10% of the total number of issued Shares of the Company as at the Latest Practicable Date.

Based on these assumptions and for illustration purposes only, the financial effects of the:

- (a) purchase of 24,464,000 Shares by the Company undertaken by way of a Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of profits and held as Treasury Shares;
- (b) purchase of 65,350,000 Shares by the Company undertaken by way of a Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of capital and held as Treasury Shares;
- (c) purchase of 24,464,000 Shares by the Company undertaken by way of a Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled; and
- (d) purchase of 65,350,000 Shares by the Company undertaken by way of a Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2005 are as follows:

(a) Purchases made entirely out of profits and held as Treasury Shares

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	270,802	270,788	270,788
Treasury Shares	434,178	434,178	434,164	434,164
	-	(16,000)	-	(16,000)
Shareholders' funds	434,178	418,178	434,164	418,164
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	242,903	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(63,912) ¹
Net current assets/(liabilities)	239,744	223,744	(45,038)	(61,038) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(63,962)
Net tangible assets ³	434,178	418,178	434,164	418,164
Number of Shares ⁴ ('000)	653,504	653,504	653,504	653,504
Financial Ratios				
Net tangible assets per Share (cents)	66.44	63.99	66.44	63.99
Basic earnings per Share (cents)	2.45	2.45	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.23	0.11	0.15
Current ratio ⁶ (times)	13.51	12.68	0.06	0.04

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the profits of the Company and held as Treasury Shares will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 63.99 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be unchanged. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(b) Purchases made entirely out of capital and held as Treasury Shares

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	270,802	270,788	270,788
Treasury Shares	434,178	434,178	434,164	434,164
	-	(42,739)	-	(42,739)
Shareholders' funds	434,178	391,439	434,164	391,425
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	216,164	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(90,651) ¹
Net current assets/(liabilities)	239,744	197,005	(45,038)	(87,777) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(90,701)
Net tangible assets ³	434,178	391,439	434,164	391,425
Number of Shares ⁴ ('000)	653,504	653,504	653,504	653,504
Financial Ratios				
Net tangible assets per Share (cents)	66.44	59.90	66.44	59.90
Basic earnings per Share (cents)	2.45	2.45	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.25	0.11	0.23
Current ratio ⁶ (times)	13.51	11.28	0.06	0.03

n.m. denotes not meaningful

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the capital of the Company and held as Treasury Shares will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 59.90 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be unchanged. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(c) Purchases made entirely out of profits and cancelled

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	←————— \$'000 —————→			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	254,802	270,788	254,788
	434,178	418,178	434,164	418,164
Treasury Shares	—	—	—	—
Shareholders' funds	434,178	418,178	434,164	418,164
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	242,903	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(63,912) ¹
Net current assets/(liabilities)	239,744	223,744	(45,038)	(61,038) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(63,962)
Net tangible assets ³	434,178	418,178	434,164	418,164
Number of Shares ⁴ ('000)	653,504	629,040	653,504	629,040
Financial Ratios				
Net tangible assets per Share (cents)	66.44	66.48	66.44	66.48
Basic earnings per Share (cents)	2.45	2.54	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.23	0.11	0.15
Current ratio ⁶ (times)	13.51	12.68	0.06	0.04

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the profits of the Company and cancelled will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also increase from 66.44 cents to 66.48 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be increased from 2.45 cents to 2.54 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(d) Purchases made entirely out of capital and cancelled

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	←————— \$'000 —————→			
Share capital	163,376	120,637	163,376	120,637
Reserves	270,802	270,802	270,788	270,788
	434,178	391,439	434,164	391,425
Treasury Shares	—	—	—	—
Shareholders' funds	434,178	391,439	434,164	391,425
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	216,164	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(90,651) ¹
Net current assets/(liabilities)	239,744	197,005	(45,038)	(87,777) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(90,701)
Net tangible assets ³	434,178	391,439	434,164	391,425
Number of Shares ⁴ ('000)	653,504	588,154	653,504	588,154
Financial Ratios				
Net tangible assets per Share (cents)	66.44	66.55	66.44	66.55
Basic earnings per Share (cents)	2.45	2.72	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.25	0.11	0.23
Current ratio ⁶ (times)	13.51	11.28	0.06	0.03

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the capital of the Company and cancelled will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also increase from 66.44 cents to 66.55 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be increased from 2.45 cents to 2.72 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(2) In an Off-Market Purchase

Assuming that the Company purchases or acquires 65,350,000 Shares at the Maximum Price of \$0.756, being 20% above the Highest Last Dealt Price of \$0.63 (as defined above) as at the Latest Practicable Date, the maximum amount of funds which will be required by the Company is \$49,404,600.

However, assuming the use of distributable reserves of the Company of up to \$16 million, the maximum number of Shares which can be purchased or acquired at the Maximum Price under and during the duration of the Share Purchase Mandate is 21,164,000 Shares (rounded down to the nearest 1,000 Shares), which amount to less than 10% of the total number of issued Shares of the Company as at the Latest Practicable Date.

Based on these assumptions and for illustration purposes only, the financial effects of the:

- (a) purchase or acquisition of 21,164,000 Shares by the Company undertaken by way of an Off-Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of profits and held as Treasury Shares;
- (b) purchase or acquisition of 65,350,000 Shares by the Company undertaken by way of an Off-Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of capital and held as Treasury Shares;
- (c) purchase or acquisition of 21,164,000 Shares by the Company undertaken by way of an Off-Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled; and
- (d) purchase or acquisition of 65,350,000 Shares by the Company undertaken by way of an Off-Market Purchase in accordance with the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2005 are as follows:

(a) Purchases made entirely out of profits and held as Treasury Shares

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	270,802	270,788	270,788
Treasury Shares	434,178	434,178	434,164	434,164
	-	(16,000)	-	(16,000)
Shareholders' funds	434,178	418,178	434,164	418,164
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	242,903	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(63,912) ¹
Net current assets/(liabilities)	239,744	223,744	(45,038)	(61,038) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(63,962)
Net tangible assets ³	434,178	418,178	434,164	418,164
Number of Shares ⁴ ('000)	653,504	653,504	653,504	653,504
Financial Ratios				
Net tangible assets per Share (cents)	66.44	63.99	66.44	63.99
Basic earnings per Share (cents)	2.45	2.45	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.23	0.11	0.15
Current ratio ⁶ (times)	13.51	12.68	0.06	0.04

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the profits of the Company and held as Treasury Shares will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 63.99 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be unchanged. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(b) Purchases made entirely out of capital and held as Treasury Shares

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	270,802	270,788	270,788
Treasury Shares	434,178	434,178	434,164	434,164
	-	(49,405)	-	(49,405)
Shareholders' funds	434,178	384,773	434,164	384,759
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	209,498	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(97,317) ¹
Net current assets/(liabilities)	239,744	190,339	(45,038)	(94,443) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(97,367)
Net tangible assets ³	434,178	384,773	434,164	384,759
Number of Shares ⁴ ('000)	653,504	653,504	653,504	653,504

Financial Ratios

Net tangible assets per Share (<i>cents</i>)	66.44	58.88	66.44	58.88
Basic earnings per Share (<i>cents</i>)	2.45	2.45	n.m.	n.m.
Gearing ratio ⁵ (<i>times</i>)	0.22	0.25	0.11	0.25
Current ratio ⁶ (<i>times</i>)	13.51	10.93	0.06	0.03

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the capital of the Company and held as Treasury Shares will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 58.88 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be unchanged. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(c) Purchases made entirely out of profits and cancelled

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	163,376	163,376	163,376
Reserves	270,802	254,802	270,788	254,788
Treasury Shares	434,178	418,178	434,164	418,164
Shareholders' funds	434,178	418,178	434,164	418,164
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	242,903	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(63,912) ¹
Net current assets/(liabilities)	239,744	223,744	(45,038)	(61,038) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(63,962)
Net tangible assets ³	434,178	418,178	434,164	418,164
Number of Shares ⁴ ('000)	653,504	632,340	653,504	632,340
Financial Ratios				
Net tangible assets per Share (cents)	66.44	66.13	66.44	66.13
Basic earnings per Share (cents)	2.45	2.53	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.23	0.11	0.15
Current ratio ⁶ (times)	13.51	12.68	0.06	0.04

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the profits of the Company and cancelled will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 66.13 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be increased from 2.45 cents to 2.53 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(d) Purchases made entirely out of capital and cancelled

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2005 (audited)	\$'000			
Share capital	163,376	113,971	163,376	113,971
Reserves	270,802	270,802	270,788	270,788
Treasury Shares	434,178	384,773	434,164	384,759
Shareholders' funds	434,178	384,773	434,164	384,759
Non-current liabilities ²	(77,868)	(77,868)	(50)	(50)
Non-current assets	272,302	272,302	479,252	479,252
Current assets	258,903	209,498	2,874	2,874 ¹
Current liabilities	(19,159)	(19,159)	(47,912)	(97,317) ¹
Net current assets/(liabilities)	239,744	190,339	(45,038)	(94,443) ¹
Total liabilities ²	(97,027)	(97,027)	(47,962)	(97,367)
Net tangible assets ³	434,178	384,773	434,164	384,759
Number of Shares ⁴ ('000)	653,504	588,154	653,504	588,154
Financial Ratios				
Net tangible assets per Share (cents)	66.44	65.42	66.44	65.42
Basic earnings per Share (cents)	2.45	2.72	n.m.	n.m.
Gearing ratio ⁵ (times)	0.22	0.25	0.11	0.25
Current ratio ⁶ (times)	13.51	10.93	0.06	0.03

n.m. denotes not meaningful.

Notes:

- As at 31 December 2005, the Company has only \$2.87 million of current assets, out of which \$0.09 million is in the form of cash and bank balances. The Company also has current liabilities of \$47.91 million as at 31 December 2005, out of which \$46.58 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.44 million of cash and bank balances as at 31 December 2005. The Directors believe that the Company is in a healthy financial position and will be able to use the Group's internal financial resources to carry out the Share Purchase Mandate.
- Figure includes technical provisions amounting to \$48.05 million which comprises provision for outstanding claims of \$34.02 million, provision for unearned premiums of \$11.78 million and provision for premium deficiency of \$2.25 million.
- Net tangible assets equals shareholders' funds less intangible assets.
- As at the Latest Practicable Date.
- Gearing ratio equals total liabilities divided by shareholders' funds.
- Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of Shares made entirely out of the capital of the Company and cancelled will have the effect of reducing the working capital and net tangible assets of the Company and of the Group by the dollar value of the Shares purchased. The consolidated net tangible assets per Share of the Group as at 31 December 2005 will also decrease from 66.44 cents to 65.42 cents.

Assuming that the purchase of Shares had taken place on 1 January 2005, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2005 would be increased from 2.45 cents to 2.72 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only and are not necessarily representative of future financial performance. In addition, the actual impact will depend on, *inter alia*, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits and/or capital of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the Company's issued Shares, the Company may not necessarily carry out the Share Purchase Mandate to the full 10% as mandated. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury. The Directors would emphasise that they do not propose to carry out share purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

4.7 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

4.8 Listing Status on SGX-ST

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of equity securities (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word "public" is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are 204,970,660 Shares, representing approximately 31.365% of the total number of issued Shares, held by the public. In the event that the Company purchases the maximum of 10% of its issued Shares from public Shareholders, the percentage of the Company's public float would be reduced to approximately 23.739% of the total number of issued Shares. Accordingly, the Directors are of the view that there is, at present, a sufficient number of Shares in issue held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of the Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect orderly trading of the Shares.

4.9 Certain Take-over Code implications arising from the Share Purchase Mandate

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to

be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer as a result of a purchase of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase of Shares by the Company:

- (i) the percentage of voting rights held by such Directors and their concert parties in the Company increase to 30% or more; or
- (ii) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% to 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(1) Shareholding interests of the Directors

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the shareholding interests of the Directors in the Company before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming that (i) the Company purchases the maximum of 10% of the total number of issued Shares, (ii) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, and (iii) there are no outstanding Options as at the Latest Practicable Date, will be as follows:

Name of Director	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Ong Choo Eng	100,000	177,277,896	177,377,896	27.143%	30.158%
Ong Mui Eng	4,547,248	163,957,644	168,504,892	25.785%	28.650%
Ong Hian Eng	3,062,604	164,020,896	167,083,500	25.567%	28.408%
Guan Meng Kuan	5,534,860	–	5,534,860	0.847%	0.941%
Chew Loy Kiat	840,000	–	840,000	0.129%	0.143%
Ong Eng Loke (alternate director to Ong Mui Eng)	406,500	164,519,896	164,926,396	25.237%	28.041%

(2) Shareholdings of Substantial Shareholders

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the shareholdings of the substantial shareholders of the Company (“Substantial Shareholders”) before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming that (i) the Company purchases the maximum of 10% of the total number of issued Shares, (ii) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, and (iii) there are no outstanding Options as at the Latest Practicable Date, will be as follows:

Name of Director	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Ong Holdings (Private) Limited	141,162,840	22,473,056	163,635,896	25.040%	27.822%
Ong Choo Eng	100,000	177,277,896	177,377,896	27.143%	30.158%
Ong Mui Eng	4,547,248	163,957,644	168,504,892	25.785%	28.650%
Ong Hian Eng	3,062,604	164,020,896	167,083,500	25.567%	28.408%
Ong Kwee Eng	–	165,236,396	165,236,396	25.285%	28.094%
Ong Eng Loke	406,500	164,519,896	164,926,396	25.237%	28.041%
Ong Eng Yaw	25,000	163,635,896	163,660,896	25.044%	27.826%
Hong Leong Enterprises Pte. Ltd.	45,664,000	24,942,000	70,606,000	10.804%	12.005%
City Developments Realty Limited	33,355,000	–	33,355,000	5.104%	5.671%
City Developments Limited	–	33,355,000	33,355,000	5.104%	5.671%
Hong Leong Investment Holdings Pte. Ltd.	–	150,342,248	150,342,248	23.006%	25.562%
Kwek Holdings Pte Ltd	–	150,342,248	150,342,248	23.006%	25.562%
Davos Investment Holdings Private Limited	–	150,342,248	150,342,248	23.006%	25.562%
Ong Kay Eng	31,723,934	10,381,378	42,105,312	6.443%	7.159%
Ong Hoo Eng	46,994,753	–	46,994,753	7.191%	7.990%

Notes:

1. Ong Holdings (Private) Limited (“Ong Holdings”) is deemed under Section 7 of the Companies Act to have an interest in the Shares held by its wholly owned subsidiaries, Bee Tong Trading Company Private Limited (“Bee Tong”) and International Foundation Engineering Pte. Ltd. (“IFE”).
2. Ong Choo Eng is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Ong Holdings, Bee Tong, IFE and Ely Investments (Pte) Ltd., in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
3. Ong Mui Eng is deemed under Section 7 of the Companies Act to have an interest in the Shares held by his spouse and Ong Holdings, Bee Tong and IFE, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
4. Ong Hian Eng is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Ong Holdings, Bee Tong, IFE and Fica (Pte) Ltd, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
5. Ong Kwee Eng is deemed under Section 7 of the Companies Act to have an interest in the Shares held by his spouse and Ong Holdings, Bee Tong and IFE, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
6. Ong Eng Loke is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Ong Holdings, Bee Tong, IFE and OME Investment Holding Pte Ltd, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
7. Ong Eng Yaw is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Ong Holdings, Bee Tong and IFE, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

- 8 The aggregate interest of Hong Leong Enterprises Pte. Ltd. (“HLE”) is based on the last notification to the Company on 30 May 2003. HLE is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Starich Investments Pte. Ltd., being a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
 - 9 The aggregate interest of City Developments Realty Limited (“CDRL”) is based on the last notification to the Company on 13 February 2006.
 - 10 The aggregate interest of City Developments Limited (“CDL”) is based on the last notification to the Company on 13 February 2006. CDL is deemed under Section 7 of the Act to have an interest in the Shares held by its wholly owned subsidiary, CDRL.
 - 11 The aggregate interest of Hong Leong Investment Holdings Pte. Ltd. (“HLIH”) is based on the last notification to the Company on 13 July 2005. HLIH is deemed under Section 7 of the Companies Act to have an interest in the Shares held by Tudor Court Gallery Pte Ltd, Millennium Securities Pte Ltd, Welkin Investments Pte Ltd and CDRL, and the 70,606,000 Shares held directly and indirectly by HLE, being companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
 - 12 The aggregate interest of each of Kwek Holdings Pte Ltd (“KH”) and Davos Investment Holdings Private Limited (“Davos”) is based on the last notification to the Company on 13 July 2005. Each of KH and Davos is deemed under Section 7 of the Companies Act to have an interest in the 150,342,248 Shares held directly and indirectly by HLIH, in which each is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
 - 13 Ong Kay Eng is deemed to have an interest in 1,600,000 Shares held by HSBC (Singapore) Nominees Pte Ltd, 744 Shares registered in the name of his spouse and 8,780,634 Shares registered in the name of Ong Eng Hui David pursuant to Section 7 of the Companies Act.
- (3) Mr Ong Choo Eng, Mr Ong Mui Eng, Dr Ong Hian Eng and Mr Ong Eng Loke (“Ong Directors”) are Directors and Substantial Shareholders of the Company. The Ong Directors and certain parties acting in concert with them, including Ong Holdings (Private) Limited, Mr Ong Kwee Eng and Mr Ong Eng Yaw who are Substantial Shareholders (collectively, “Ong Concert Parties”) control an aggregate of approximately 30.754% of the voting rights of the Company as at the Latest Practicable Date.

Assuming that there is no change in the shareholding interests of the Ong Concert Parties in the Company as at the Latest Practicable Date, the purchase or acquisition by the Company of the maximum 65,350,400 Shares (being 10% of the total number of issued Shares as at the Latest Practicable Date) will result in an increase in their collective shareholding interests from 30.754% to 34.172%. Based on the above information as at the Latest Practicable Date, the percentage of voting rights held by the Ong Concert Parties in the Company may be increased by more than 1% in any six-month period as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate. In the event that the voting rights in the Company controlled by the Ong Concert Parties increase by more than 1% in any six-month period, the Ong Concert Parties will, unless exempted, be required to make a take-over offer for the Shares held by the other Shareholders pursuant to Rule 14.

Save as disclosed herein, based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder (together with persons acting in concert with it) who would become obliged to make a mandatory take-over offer for the Company under the Take-over Code in the event that the Company purchases the maximum 65,350,400 Shares (being 10% of the total number of issued Shares as at the Latest Practicable Date) pursuant to the Share Purchase Mandate.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution in respect of the renewal of the Share Purchase Mandate to be proposed at the Fifty-Third AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate in all material respects as at the date of this Appendix, and that there are no other material facts the omission of which would make any statements in this Appendix misleading in any material respect.

Yours faithfully
For and on behalf of the Board of Directors of
HWA HONG CORPORATION LIMITED

Ong Choo Eng
Group Managing Director

