



HWA HONG CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

APPENDIX TO THE NOTICE OF
ANNUAL GENERAL MEETING
DATED 7 APRIL 2004
IN RELATION TO THE RENEWAL OF
SHARE PURCHASE MANDATE

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HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

Directors:

Ong Choo Eng - *Chairman & Group Managing Director*
Ong Mui Eng
Ong Hian Eng
Guan Meng Kuan
Chew Loy Kiat
Goh Kian Hwee
Yong Kun Da Richard
Boon Suan Lee
Ong Eng Loke - *Alternate Director to Ong Mui Eng*

Registered Office:

38 South Bridge Road
Singapore 058672

7 April 2004

To: The Shareholders of HWA HONG CORPORATION LIMITED

Dear Shareholders

RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

We refer to the Notice convening the Fifty-First Annual General Meeting (the "AGM") of Hwa Hong Corporation Limited (the "Company") to be held on 23 April 2004. The proposed Resolution 13 (to be passed as an Ordinary Resolution) as set out in the Notice of AGM relates 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 of S\$0.25 each in the share capital of the Company (the "Shares") subject to the terms of such mandate (the "Share Purchase Mandate").

At an extraordinary general meeting of the Company held on 7 November 2003 (the "EGM"), 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 will expire on the date of the forthcoming AGM, being 23 April 2004. The Directors propose that the Share Purchase Mandate be renewed at the 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.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this letter.

2. SHARES PURCHASED UNDER THE EXISTING SHARE PURCHASE MANDATE

The Company did not purchase any Shares between 7 November 2003, being the date on which Shareholders last approved the Share Purchase Mandate, and 12 March 2004, being the latest practicable date prior to the printing of this letter (the "Latest Practicable Date").

3. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 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 and its Shareholders.

3.2 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 at the AGM are the same as those previously approved by the Shareholders and are summarised below:

(a) Maximum number of Shares

Subject to the Companies Act, Chapter 50 (the "**Companies Act**"), the total number of Shares that may be purchased or acquired shall not exceed 10% of the issued ordinary share capital of the Company as at the date of the forthcoming AGM at which the Share Purchase Mandate is approved.

(b) 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:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

(c) Manner of purchase

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

- (i) a market purchase of Shares on the SGX-ST ("**Market Purchase**"); and/or
- (ii) 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 Listing Manual of SGX-ST (the "**Listing Manual**"), the Companies Act or the Memorandum and Articles of Association of the Company, 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 the following conditions:

- (i) 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;
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (cc) 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:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share purchases;
- (iv) 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;
- (v) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST; and
- (vi) 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.

(d) 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:

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

3.3 Cancellation of purchased or acquired Shares

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.

Currently, under the Companies Act, any share which is purchased or acquired by the company is deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that share expire on cancellation. As such, Shares purchased or acquired by the Company 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 settlement of any such purchase or acquisition.

As the Shares purchased or acquired by the Company will be cancelled, the issued share capital of the Company will be reduced by the corresponding total nominal amount (or par value) of the Shares purchased or acquired by the Company. The amount by which the Company’s issued share capital is diminished (on cancellation of Shares purchased or acquired) shall be transferred to a reserve called the “capital redemption reserve”. The provisions of the Companies Act relating to the reduction of share capital of a company shall

apply as if the capital redemption reserve were paid-up share capital of the Company, except that such reserve may be applied by the Company in paying up its unissued Shares to be allotted to Shareholders as fully paid bonus Shares in the event the Company implements a bonus issue.

3.4 Source of funds

In purchasing or acquiring its Share, 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 (the "Articles") and in accordance with applicable laws in Singapore.

Currently, under the Companies Act, any purchase or acquisition of shares must be made out of the distributable profits of the company available for payment of dividends but excludes any amount in the company's share premium account and capital redemption reserve account.

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 purchased or acquired and the consideration paid 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.

3.5 Financial effects

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 of distributable profits of the Company which would otherwise be available for distribution of dividends by the Company.

The impact of the purchase or acquisition by the Company of issued Shares pursuant to the Share Purchase Mandate on the Company's and the Group's financial positions in the case of (a) a Market Purchase, and (b) an Off-Market Purchase is illustrated below.

Based on the existing issued and paid-up share capital of the Company of 653,032,000 Shares as at the Latest Practicable Date and assuming that none of the outstanding options to subscribe for ordinary shares in the capital of the Company granted pursuant to the Company's share option schemes (the "Options") are exercised before the date of the AGM, the exercise in full of the Share Purchase Mandate would result in the purchase of up to 65,303,200 Shares, representing 10% of the total ordinary share capital of the Company. However, having regard to the amount of the Company's distributable reserves as at 31 December 2003 of about \$21.6 million, it is unlikely that the total amount of funds to be utilised for the Share Purchase Mandate will exceed \$20 million. As such, the financial effects as set out below on the purchase or acquisition of Shares by the Company under the Share Purchase Mandate are based on the utilisation of funds of up to \$20 million.

(a) In a Market Purchase

Assuming that the Maximum Price is \$0.578, which is 5% above the Average Closing Price of \$0.55 (as defined above) as at the Latest Practicable Date and the use of up to \$20 million of the Company's distributable reserves, the maximum number of Shares which can be purchased or acquired under and during the duration of the Share Purchase Mandate is 34,602,000 Shares (rounded down to the nearest 1,000 Shares), which amount to less than 10% of the existing total ordinary share capital of the Company. Based on these assumptions and for illustration purposes only, the impact of the purchase

or acquisition of 34,602,000 Shares by the Company undertaken by way of a Market Purchase in accordance with the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2003 is as follows:

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2003 (audited)	←————— \$'000 —————→			
Shareholders' funds	424,312	404,312	424,312	404,312
Minority interests	26	26	—	—
Non-current liabilities	(72,167)	(72,167)	(45)	(45)
Non-current assets	312,735	312,735	464,640	464,640
Current assets	211,069	191,069	2,033	1,843 ¹
Current liabilities	(27,299)	(27,299)	(42,316)	(62,126) ¹
Net current assets/(liabilities)	183,770	163,770	(40,283)	(60,283) ¹
Total liabilities	(99,466)	(99,466)	(42,361)	(62,171)
Net tangible assets ²	424,312	404,312	424,312	404,312
Number of Shares ³ ('000)	653,032	618,430	653,032	618,430
Financial Ratios				
Net tangible assets per Share (cents)	64.98	65.38	64.98	65.38
Basic earnings per Share (cents)	2.08	2.19	n.m.*	n.m.*
Gearing ratio ⁴ (times)	0.23	0.25	0.10	0.15
Current ratio ⁵ (times)	7.73	7.00	0.05	0.03

* Not meaningful.

Notes:

- 1 As at 31 December 2003, the Company has only \$2.03 million of current assets, out of which \$0.19 million is in the form of cash and bank balances. The Company also has current liabilities of \$42.3 million as at 31 December 2003, out of which \$39.9 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.1 million of cash and bank balances as at 31 December 2003. 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.
- 2 Net tangible assets equals shareholders' funds less intangible assets.
- 3 As at the Latest Practicable Date.
- 4 Gearing ratio equals total liabilities divided by shareholders' funds.
- 5 Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of 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 2003 (and adjusted for the numbers of issued Shares as at the Latest Practicable Date) will also increase from 64.98 cents to 65.38 cents. Assuming that the purchase of Shares had taken place on 1 January 2003, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2003 would be increased from 2.08 cents to 2.19 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.

(b) In an Off-Market Purchase

Assuming that the Maximum Price is \$0.66, which is 20% above the Highest Last Dealt Price of \$0.55 (as defined above) as at the Latest Practicable Date and the use of up to \$20 million of the Company's distributable reserves, the maximum number of Shares which can be purchased or acquired under and during the duration of the Share Purchase Mandate is 30,303,000 Shares (rounded down to the nearest 1,000 Shares), which amount to less than 10% of the existing total ordinary share capital of the Company. Based on these assumptions and for illustration purposes only, the impact of the purchase or acquisition of 30,303,000 Shares by the Company undertaken by way of an Off-Market Purchase in accordance with the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2003 is as follows:

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2003 (audited)	←————— \$'000 —————→			
Shareholders' funds	424,312	404,312	424,312	404,312
Minority interests	26	26	–	–
Non-current liabilities	(72,167)	(72,167)	(45)	(45)
Non-current assets	312,735	312,735	464,640	464,640
Current assets	211,069	191,069	2,033	1,843 ¹
Current liabilities	(27,299)	(27,299)	(42,316)	(62,126) ¹
Net current assets/(liabilities)	183,770	163,770	(40,283)	(60,283) ¹
Total liabilities	(99,466)	(99,466)	(42,361)	(62,171)
Net tangible assets ²	424,312	404,312	424,312	404,312
Number of Shares ³ ('000)	653,032	622,729	653,032	622,729
Financial Ratios				
Net tangible assets per Share (cents)	64.98	64.93	64.98	64.93
Basic earnings per Share (cents)	2.08	2.18	n.m.*	n.m.*
Gearing ratio ⁴ (times)	0.23	0.25	0.10	0.15
Current ratio ⁵ (times)	7.73	7.00	0.05	0.03

* Not meaningful.

Notes:

- 1 As at 31 December 2003, the Company has only \$2.03 million of current assets, out of which \$0.19 million is in the form of cash and bank balances. The Company also has current liabilities of \$42.3 million as at 31 December 2003, out of which \$39.9 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$63.1 million of cash and bank balances as at 31 December 2003. 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.
- 2 Net tangible assets equals shareholders' funds less intangible assets.
- 3 As at the Latest Practicable Date.
- 4 Gearing ratio equals total liabilities divided by shareholders' funds.
- 5 Current ratio equals current assets divided by current liabilities.

As illustrated above, the purchase of 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 2003 (and adjusted for the numbers of issued Shares as at the Latest Practicable Date) will also decrease from 64.98 cents to 64.93 cents. Assuming that the purchase of Shares had taken place on 1 January 2003, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2003 would be increased from 2.08 cents to 2.18 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 by the Company.

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. 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.

3.6 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.

3.7 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 222,430,656 Shares, representing approximately 34.06% of the issued share capital of the Company, 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 26.73% of the issued share capital of the Company. 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.

3.8 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 after 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 (or if exempted, such exemption is subsequently revoked), 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.

(a) 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 its issued ordinary share capital, (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) none of the outstanding Options as at the Latest Practicable Date are exercised, will be as follows:

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Name of Director	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Ong Choo Eng	–	276,765,520	276,765,520	42.382	47.091
Ong Mui Eng	4,547,248	263,580,268	268,127,516	41.059	45.621
Ong Hian Eng	3,062,604	263,643,520	266,706,124	40.841	45.379
Guan Meng Kuan	5,534,860	–	5,534,860	0.848	0.942
Chew Loy Kiat	840,000	–	840,000	0.129	0.143
Ong Eng Loke (alternate director to Ong Mui Eng)	406,500	264,142,520	264,549,020	40.511	45.012

(b) 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 before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming that (i) the Company purchases the maximum of 10% of its issued ordinary share capital, (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) none of the outstanding Options as at the Latest Practicable Date are exercised, will be as follows:

Name of Substantial Shareholder	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Ong Holdings (Private) Limited	227,081,676	36,176,844	263,258,520	40.313	44.793
Ong Choo Eng	–	276,765,520	276,765,520	42.382	47.091
Ong Mui Eng	4,547,248	263,580,268	268,127,516	41.059	45.621
Ong Hian Eng	3,062,604	263,643,520	266,706,124	40.841	45.379
Ong Kwee Eng	–	265,259,020	265,259,020	40.620	45.133
Ong Eng Loke	406,500	264,142,520	264,549,020	40.511	45.012
Ong Eng Yaw	25,000	263,258,520	263,283,520	40.317	44.797
Hong Leong Enterprises Pte. Ltd.	45,664,000	24,942,000	70,606,000	10.812	12.013
Hong Leong Investment Holdings Pte. Ltd.	–	121,842,248	121,842,248	18.658	20.731
Kwek Holdings Pte Ltd	–	121,842,248	121,842,248	18.658	20.731
Davos Investment Holdings Private Limited	–	121,842,248	121,842,248	18.658	20.731

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 Hong Leong Enterprises Pte. Ltd. ("**HLE**") is deemed under Section 7 of the Companies Act to have an interest in the shares held by Starich Investments Pte. Ltd. ("**Starich**"), 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 Hong Leong Investment Holdings Pte. Ltd. is deemed under Section 7 of the Companies Act to have an interest in the shares held by HLE, Starich, Tudor Court Gallery Pte Ltd, Millennium Securities Pte Ltd and Welkin Investments Pte Ltd, 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.
- 10 Kwek Holdings Pte Ltd is deemed under Section 7 of the Companies Act to have an interest in the shares referred to in Note (9) above, 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.
- 11 Davos Investment Holdings Private Limited is deemed under Section 7 of the Companies Act to have an interest in the shares referred to in Note (9) above, 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.

- (c) 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 46.04% of the voting rights of the Company as at the Latest Practicable Date ¹.

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 65,303,200 Shares (being 10% of the issued and paid-up share capital of the Company as at the Latest Practicable Date) will result in an increase in their collective shareholding interests from 46.04% to 51.15%. Based on the above information as at the Latest Practicable Date, the percentage of voting

¹ As disclosed in the Company's Circular to Shareholders dated 15 October 2003, the press statement issued by Ong Holdings and released by the Company on 11 July 2003 announced that part of the aggregate 40.32% interest in the Company (being approximately 40.31% as at the Latest Practicable Date, as a result of the increase in the Company's issued share capital since then) held by Ong Holdings and its subsidiaries may be distributed to certain minority shareholders of Ong Holdings, namely, Mr Steven Ong Kay Eng, Dr David Ong Eng Hui, Mr Ong Hoo Eng and Madam Chang Yueh Nu @ Cheung Ah Moey, pursuant to capital reduction exercises to be undertaken by Ong Holdings and its relevant subsidiaries under a deed of settlement entered into by Ong Holdings, its shareholders and its relevant subsidiaries. If and when such capital reduction exercises are completed, Ong Holdings and its subsidiaries may collectively hold approximately 25.05% of the total issued share capital of the Company (being approximately 25.04% as at the Latest Practicable Date), and the Ong Concert Parties may collectively hold approximately 30.78% of the total issued share capital of the Company (being approximately 30.77% as at the Latest Practicable Date).

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 above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting rights of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

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.

4. 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 AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter 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 letter are fair and accurate in all material respects as at the date of this letter, and that there are no other material facts the omission of which would make any statements in this letter misleading in any material respect.

Yours faithfully

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

Ong Choo Eng
Chairman & Group Managing Director

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