



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of the Company will be held at the Conference Room, Level 2, 38 South Bridge Road, Singapore 058672 on Wednesday, 20 April 2005 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements and the reports of the Directors and Auditors for the financial year ended 31 December 2004. **Resolution 1**
2. To declare a final ordinary dividend of 1 cent per share or 4%, less 20% income tax, in respect of the financial year ended 31 December 2004. **Resolution 2**
3. To approve the payment of fees amounting to \$211,000 to the non-executive Directors of the Company for the financial year ended 31 December 2004 (2003: \$198,000). **Resolution 3**
4. To re-elect Mr Goh Kian Hwee who is retiring by rotation in accordance with Article 105 of the Articles of Association of the Company. **Resolution 4**

(Note: Mr Goh Kian Hwee, if re-elected, will remain as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. He is considered an independent non-executive Director.)

5. To re-elect Mr Hans Miller who is retiring in accordance with Article 96 of the Articles of Association of the Company. **Resolution 5**

(Note: Mr Hans Miller was appointed on 3 January 2005. He is considered an independent non-executive Director.)

6. To consider and, if thought fit, to pass the following resolutions:
 - (a) "That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Ong Mui Eng be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution 6**

(Note: Mr Ong Mui Eng is an executive and non-independent Director.)

- (b) "That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Guan Meng Kuan be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company." **Resolution 7**

(Note: Mr Guan Meng Kuan, if re-elected, will remain as a member of the Nominating Committee. He is considered an independent non-executive Director.)

- (c) "That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Chew Loy Kiat be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company."

Resolution 8

(Note: Mr Chew Loy Kiat, if re-elected, will remain as Chairman of the Audit Committee and a member of the Nominating Committee. He is considered an independent non-executive Director.)

7. To appoint Auditors and to authorise the Directors to fix their remuneration.
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Resolution 9

SPECIAL BUSINESS

9. To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

- 9A. "That authority be and is hereby given to the Directors of the Company to:

Resolution 10

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

9B. “That pursuant to Section 161 of the Companies Act, Chapter 50, approval be and is hereby given to the Directors or any committee appointed by them to exercise full powers of the Company to grant options over shares in the Company in accordance with the Rules of the Hwa Hong Corporation Limited (2001) Share Option Scheme approved by shareholders in general meeting on 29 May 2001 and as may be amended from time to time and to issue and allot shares in the Company upon the exercise of any such options (notwithstanding that the exercise thereof or such issue and allotment may occur after the conclusion of the next or any ensuing Annual General Meeting of the Company), and to do all acts and things which they may consider necessary or expedient to carry the same into effect.”

Resolution 11

9C. “That pursuant to Section 161 of the Companies Act, Chapter 50, approval be and is hereby given to the Directors of the Company to allot and issue shares in the Company as may be required to be allotted and issued pursuant to the Hwa Hong Corporation Limited Scrip Dividend Scheme approved by shareholders in general meeting on 7 November 2003, and to do all acts and things which they may consider necessary or expedient to carry the same into effect.”

Resolution 12

9D. "That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
- (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; or
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

"Prescribed Limit" means, subject to the Companies Act, 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price", in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (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),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Shares over the last five 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 of the Company, 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; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

BY ORDER OF THE BOARD

TAN MEE CHOO
SECRETARY

Singapore, 4 April 2005

Note

A member entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 38 South Bridge Road, Singapore 058672 at least forty-eight (48) hours before the time appointed for holding the meeting.

Explanatory Notes to Special Business

Resolution 10, if passed, will empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to this Resolution, including shares to be issued in pursuance of Instruments made or granted pursuant thereto, will be subject to the 50% limit and the 20% sub-limit. The 50% limit and the 20% sub-limit will be calculated based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent consolidation or subdivision of shares.

The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

Resolution 11, if passed, gives authority to the Directors to grant options and to issue shares in connection with the Hwa Hong Corporation Limited (2001) Share Option Scheme (notwithstanding that such issue of shares may take place after the expiration of this approval).

Resolution 12, if passed, gives authority to the Directors to issue shares in the capital of the Company pursuant to the Hwa Hong Corporation Limited Scrip Dividend Scheme approved at the Extraordinary General Meeting of the Company held on 7 November 2003.

Resolution 13, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) issued and fully paid ordinary shares of the Company on the terms of the mandate set out in the attached Appendix to the Notice of Annual General Meeting (the "Share Purchase Mandate"). The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

As mentioned in paragraph 3.4 of the attached Appendix to the Notice of Annual General Meeting, the Company intends to use the Group's internal resources to finance its purchases or acquisitions of shares under the Share Purchase Mandate. For illustrative purposes only, the financial effects of purchases or acquisitions of shares under the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2004, based on certain stated assumptions, are set out in paragraph 3.6 of the Appendix to the Notice of Annual General Meeting.



HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 195200130C)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

DATED 4 APRIL 2005

IN RELATION TO

THE RENEWAL OF SHARE PURCHASE MANDATE

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

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

HWA HONG CORPORATION LIMITED

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

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*)
Hans Miller

Registered Office:

38 South Bridge Road
Singapore 058672

4 April 2005

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-Second Annual General Meeting (the “**AGM**”) of Hwa Hong Corporation Limited (the “**Company**”) to be held on 20 April 2005 and (b) the proposed Resolution 13 (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 of \$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 was renewed on 23 April 2004 and will expire on the date of the forthcoming AGM, being 20 April 2005. The Directors propose that the existing 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 and also in this Appendix to the Notice of AGM and Resolution 13 set out in such Notice.

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

The Company has not made any purchase of Shares between 7 November 2003, being the date on which the Share Purchase Mandate was approved by Shareholders, and 24 March 2005, being the latest practicable date prior to the printing of this letter (“**Latest Practicable Date**”).

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

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.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

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.

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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 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 (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.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

3.5 Latest Practicable Date

The financial illustrations in paragraph 3.6, the percentage of public float in paragraph 3.8 and the shareholding interests in paragraph 3.9 were based on statistics as at the Latest Practicable Date.

3.6 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 financial positions of the Company and of the Group in the case of (a) a Market Purchase, and (b) an Off-Market Purchase is illustrated below.

On the basis of the existing issued and paid-up share capital of the Company of 653,504,000 Shares as at the Latest Practicable Date and there are no outstanding options to subscribe for ordinary shares in the capital of the Company pursuant to the Company's share option schemes (the "Options") as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase of up to 65,350,400 Shares, representing 10% of the total ordinary share capital of the Company. However, having regard to the amount of distributable reserves of the Company as at 31 December 2004 of about \$23.5 million, 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 \$23.5 million.

(a) In a Market Purchase

Assuming that the Maximum Price is \$0.546, which is 5% above the Average Closing Price of \$0.52 (as defined above) as at the Latest Practicable Date and the use of distributable reserves of the Company of up to \$23.5 million, the maximum number of Shares which can be purchased or acquired under and during the duration of the Share Purchase Mandate is 43,040,000 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 43,040,000 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 2004 is as follows:

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2004 (audited)	← \$'000 →			
Shareholders' funds	427,693	404,193	427,693	404,193
Minority interests	8	8	–	–
Non-current liabilities	(65,154)	(65,154)	(45)	(45)
Non-current assets	280,222	280,222	465,707	465,707
Current assets	227,653	204,153	11,680	11,680 ¹
Current liabilities	(15,020)	(15,020)	(49,649)	(73,149) ¹
Net current assets/(liabilities)	212,633	189,133	(37,969)	(61,469) ¹
Total liabilities	(80,174)	(80,174)	(49,694)	(73,194)
Net tangible assets ²	427,693	404,193	427,693	404,193
Number of Shares ³ ('000)	653,504	610,464	653,504	610,464
Financial Ratios				
Net tangible assets per Share (cents)	65.45	66.21	65.45	66.21
Basic earnings per Share (cents)	2.44	2.61	n.m.	n.m.
Gearing ratio ⁴ (times)	0.19	0.20	0.12	0.18
Current ratio ⁵ (times)	15.16	13.59	0.24	0.16

n.m. denotes not meaningful.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

Notes:

- 1 As at 31 December 2004, the Company has only \$11.68 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 \$49.65 million as at 31 December 2004, out of which \$48.14 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$57.52 million of cash and bank balances as at 31 December 2004. 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 2004 will also increase from 65.45 cents to 66.21 cents.

Assuming that the purchase of Shares had taken place on 1 January 2004, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2004 would be increased from 2.44 cents to 2.61 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 \$0.618, which is 20% above the Highest Last Dealt Price of \$0.515 (as defined above) as at the Latest Practicable Date and the use of distributable reserves of the Company of up to \$23.5 million, the maximum number of Shares which can be purchased or acquired under and during the duration of the Share Purchase Mandate is 38,025,000 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 38,025,000 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 2004 is as follows:

	GROUP		COMPANY	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2004 (audited)	← \$'000 →			
Shareholders' funds	427,693	404,193	427,693	404,193
Minority interests	8	8	–	–
Non-current liabilities	(65,154)	(65,154)	(45)	(45)
Non-current assets	280,222	280,222	465,707	465,707
Current assets	227,653	204,153	11,680	11,680 ¹
Current liabilities	(15,020)	(15,020)	(49,649)	(73,149) ¹
Net current assets/(liabilities)	212,633	189,133	(37,969)	(61,469) ¹
Total liabilities	(80,174)	(80,174)	(49,694)	(73,194)
Net tangible assets ²	427,693	404,193	427,693	404,193
Number of Shares ³ ('000)	653,504	615,479	653,504	615,479
Financial Ratios				
Net tangible assets per Share (cents)	65.45	65.67	65.45	65.67
Basic earnings per Share (cents)	2.44	2.59	n.m.	n.m.
Gearing ratio ⁴ (times)	0.19	0.20	0.12	0.18
Current ratio ⁵ (times)	15.16	13.59	0.24	0.16

n.m. denotes not meaningful.

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Notes:

- 1 As at 31 December 2004, the Company has only \$11.68 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 \$49.65 million as at 31 December 2004, out of which \$48.14 million are amounts due to subsidiary companies. The Group on a consolidated basis has \$57.52 million of cash and bank balances as at 31 December 2004. 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 2004 will also increase from 65.45 cents to 65.67 cents.

Assuming that the purchase of Shares had taken place on 1 January 2004, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2004 would be increased from 2.44 cents to 2.59 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.

3.7 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.

3.8 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 207,804,412 Shares, representing approximately 31.8% of the issued share capital of the Company, held by the public.

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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 24.2% 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.

3.9 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 (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

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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%

(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) there are no outstanding Options as at the Latest Practicable Date, 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	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%
Hong Leong Investment Holdings Pte. Ltd.	–	132,177,248	132,177,248	20.226%	22.473%
Kwek Holdings Pte Ltd	–	132,177,248	132,177,248	20.226%	22.473%
Davos Investment Holdings Private Limited	–	132,177,248	132,177,248	20.226%	22.473%
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%

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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, Welkin Investments Pte Ltd and City Developments Realty Limited, 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.
 - 12 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.
- (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 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 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 30.754% to 34.171%. 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

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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 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.

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