



HWA HONG CORPORATION LIMITED

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

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 8 APRIL 2011

IN RELATION TO

- (1) THE PROPOSED EXTENSION OF THE DURATION OF THE HWA HONG CORPORATION LIMITED (2001) SHARE OPTION SCHEME; AND**
 - (2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**
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DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

- “2001 Scheme” : The existing Hwa Hong Corporation Limited (2001) Share Option Scheme, which was adopted at the extraordinary general meeting of the Company held on on 29 May 2001, as amended or modified from time to time
- “AGM” : Annual General Meeting of the Company
- “Appendix” : This Appendix to the Notice of AGM dated 8 April 2011 convening the 58th AGM to be held on 27 April 2011
- “CDP” : The Central Depository (Pte) Limited
- “Companies Act” : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Companies (Amendment) Act” : The Companies (Amendment) Act 2005, which came into operation on 30 January 2006, introducing key amendments to the Companies Act
- “Company” : Hwa Hong Corporation Limited
- “Directors” : The directors of the Company as at the Latest Practicable Date
- “Employees” : Any person who is (i) a confirmed full-time employee of the Company or any of its subsidiaries or (ii) a full-time Executive Director or (iii) a confirmed employee of the Company or any of its subsidiaries and seconded to an associated company or any other company in which the Company or any of its subsidiaries holds shares
- “Executive Directors” : A director for the time being of the Company or any of its subsidiaries holding office in an executive capacity in the Company or any of its subsidiaries as the case may be
- “Group” : The Company and its subsidiaries
- “Latest Practicable Date” : 23 March 2011, being the latest practicable date prior to the printing of this Appendix
- “Listing Manual” : The listing manual of the SGX-ST, as amended or modified from time to time
- “Market Day” : A day on which the SGX-ST is open for trading in securities
- “Option” : A right to subscribe for or acquire Shares granted pursuant to the 2001 Scheme;
- “Participant” : The holder of an Option;
- “Rules” : The rules of the 2001 Scheme;

“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“S\$” or “\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Percentage or per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S\$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
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Board of Directors

Hans Hugh Miller	<i>(Independent and Non-Executive Chairman)</i>
Ong Choo Eng	<i>(Group Managing Director)</i>
Ong Mui Eng	<i>(Executive Director)</i>
Ong Hian Eng	<i>(Executive Director)</i>
Guan Meng Kuan	<i>(Non-Independent and Non-Executive Director)</i>
Goh Kian Hwee	<i>(Independent and Non-Executive Director)</i>
Ma Kah Woh, Paul	<i>(Independent and Non-Executive Director)</i>
Wee Sin Tho	<i>(Independent and Non-Executive Director)</i>
Ong Eng Loke	<i>(Non-Independent and Alternate Director to Ong Mui Eng)</i>

Registered Office

38 South Bridge Road
Singapore 058672

8 April 2011

To: The Shareholders of **Hwa Hong Corporation Limited**

Dear Shareholders,

- (1) THE PROPOSED EXTENSION OF THE DURATION OF THE 2001 SCHEME; AND**
- (2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

1. INTRODUCTION

We refer to Ordinary Resolutions 10 and 12 set out in the Notice convening the 58th AGM of the Company to be held on 27 April 2011 relating to the proposed extension of the duration of the 2001 Scheme and the proposed renewal of the Share Purchase Mandate, respectively.

The purpose of this Appendix is to provide Shareholders with information relating to (i) the above-mentioned proposals to be tabled at the 58th AGM and (ii) the proposed amendments to the 2001 Scheme.

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

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

2. THE PROPOSED EXTENSION OF THE DURATION OF THE 2001 SCHEME

2.1 Background

The 2001 Scheme was approved by Shareholders at an extraordinary general meeting of the Company on 29 May 2001.

The 2001 Scheme was adopted for an initial period of up to a maximum of ten years, provided that it could be continued beyond that period with the approval of Shareholders at a general meeting of the Company and any relevant approvals which may then be required.

As the 2001 Scheme will expire on 28 May 2011, the Directors propose that the duration of the 2001 Scheme be extended for a further period of 10 years from 29 May 2011.

2.2 Rationale for Extension of the Duration of the 2001 Scheme

Share option schemes are an integral and important component of a compensation plan to attract and retain quality employees in an increasingly competitive environment. The 2001 Scheme provides an opportunity for the Employees whose contributions are important to the performance and growth of the Group to participate in the equity of the Company.

The continued implementation of the 2001 Scheme will enable the Company to give recognition to the contributions made by such Employees and instill a sense of ownership of the Company. The 2001 Scheme also helps to achieve the following positive objectives:

- (i) to motivate the Employees to achieve and maintain a high level of performance and contribution as well as to develop a long-term view of their relationship with the Group;
- (ii) to align the interests of Participants with the interests of Shareholders; and
- (iii) to make total employee remuneration sufficiently competitive to recruit and retain Employees whose contributions are important to the long-term growth and profitability of the Group.

The 2001 Scheme gives the Company the flexibility to use share options as an effective means of promoting long term staff retention. It will make the Company's wage system more flexible, building a variable component into the remuneration package so that the Company can better manage its fixed overhead costs without compromising on the employees' performance standards and efficiency.

2.3 Proposed Amendments to the 2001 Scheme

In connection with the proposed extension of the duration of the 2001 Scheme, the Company proposes to make certain amendments to the 2001 Scheme ("**Proposed Amendments**") for the following reasons:

- (i) Under the current Rules, Options may be granted by the Company to Participants under the 2001 Scheme to subscribe for new Shares at a specified subscription price, and the Company will issue new Shares to Participants upon the exercise of their Options. Following the Companies (Amendment) Act 2005, a company may, subject to the terms of its share option scheme, satisfy the exercise of share options by issuing new shares, or by transferring existing shares repurchased and held by the company as treasury shares to holders of options.

Accordingly, the Company proposes to amend the Rules to provide that the Company may deliver Shares to Participants upon the exercise of their Options through new Shares and/or existing Shares, at a specified exercise price. The proposed amendments to the 2001 Scheme are as follows:

- (a) To include a new Rule 9.1(d) which provides that, subject to the Companies Act and the listing rules of SGX-ST, the committee of Directors established to administer the 2001 Scheme (the "**Committee**") shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:
 - (I) the allotment and issue of new Shares; and/or
 - (II) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

The new Rule 9.1(d) also provides that in determining whether to issue new Shares or to deliver existing Shares to Participants on the exercise of their Options, the Committee will take into account factors such as (but not limited to) the prevailing market price of the Shares, funding considerations, the dilutive effects on the share capital of the Company and the cost to the Company of either issuing new Shares or purchasing existing Shares.

- (b) In addition, certain amendments will be made to Rule 1 and references to defined terms in the Rules, such as:
 - (I) substituting references in the Rules to “Subscription Price” with the term “Exercise Price” and including in Rule 1 a new defined term “Exercise Price” and its corresponding definition;
 - (II) amending the definition of “Option” in Rule 1, such that it refers to the right to subscribe for or acquire (instead of the right to subscribe for) Shares granted pursuant to the 2001 Scheme; and
 - (III) including in Rule 1 the new defined term “Treasury Shares”.
- (c) To amend references to subscription of Shares in Rules 9.1, 9.4, 11.1, 19.2 and 21.1 to include transfers of existing Shares.
- (d) The current Rule 4.1 of the 2001 Scheme provides that the number of Shares in respect of which the Company may grant Options, when added to the number of Shares issued and which would be issued on the exercise of all outstanding Options under the 2001 Scheme, shall at no time exceed 5% of the total issued share capital of the Company from time to time (“**5% Limit**”). The current Rule 4.1 relates to Options over new Shares.

In connection with the proposed amendments to allow the grant of Options over existing Shares, the Company proposes to amend Rule 4 of the 2001 Scheme (I) to clarify that the 5% Limit refers to new Shares and (II) by including a new Rule 4.2 stating that, subject to applicable laws and rules of the Listing Manual, the number of existing Shares which may be delivered in settlement of the exercise of Options will not be subject to any limit, in particular the 5% Limit, as such method does not involve the issuance of any new Shares.

- (ii) The amendments to the Companies Act in the Companies (Amendment) Act 2005 also include the abolition of the concepts of par value and authorised capital. The Company also proposes to take this opportunity to make certain other amendments to the current Rules to take into account these changes made to the Companies Act. These include the removal of references to the nominal value or nominal amount of Shares in the definition of “Share” in Rule 1 and in Rules 5.1, 12.1, 12.4 and 16.1(a).
- (iii) In addition, amendments are also being proposed to appropriately update the rules of the 2001 Scheme with the latest provisions of the Listing Manual. The proposed amendments include:
 - (a) making clarificatory amendments to Rule 9.4 that the Company shall allot and issue and/or transfer or procure the transfer of the Shares to the Participant within 10 Market Days after receipt of the exercise notice;
 - (b) amending the reference to “Best Practices Guide” in Rule 11.3 to best practices on dealings in securities set out in Rule 1207(18) of the Listing Manual; and
 - (c) amending Rule 12.2, in light of the requirement in Rule 850(2) of the Listing Manual, to provide that no adjustment shall be made if as a result the Participant receives a benefit that a Shareholder of the Company does not receive.

The Proposed Amendments are marked up in the revised Rules, which are set out in Annexure A to this Appendix.

Save for the extension of the duration of the 2001 Scheme and the Proposed Amendments, all other rules of the 2001 Scheme remain unchanged.

These Proposed Amendments do not require Shareholders' approval under the rules of the 2001 Scheme or the Listing Manual as the Company is of the view that they do not confer any additional rights or privileges to the Participants and are, in fact, to the benefit of the Company as it provides greater flexibility to the Company in fulfilling the exercise of the Options under the 2001 Scheme. As at the Latest Practicable Date, there are no outstanding Options under the 2001 Scheme and accordingly, there are no Participants holding Options.

The Proposed Amendments will take effect on the date the extension of the duration of the 2001 Scheme is approved by Shareholders.

2.4 Approvals

In-principle approval has been received from SGX-ST for the listing of, and quotation for, the new Shares to be issued pursuant to the extended and amended 2001 Scheme subject to the following:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval being obtained for the proposed extension of the duration of the 2001 Scheme.

The in-principle approval of the SGX-ST shall not be taken as an indication of the merits of the amended 2001 Scheme, the Shares, the Company and/or its Subsidiaries.

Shareholders' approval will be sought at the 58th AGM for the extension of the duration of the 2001 Scheme (including the allotment and issue of new Shares pursuant to the exercise of Options under the 2001 Scheme). These proposals will be tabled as Ordinary Resolution 10 at the 58th AGM.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Background

At the 57th AGM of the Company held on 28 April 2010 ("**2010 AGM**"), Shareholders had approved the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, and the authority and limitations on, the Share Purchase Mandate were set out in the Appendix to the Notice of the 2010 AGM and Ordinary Resolution 11 set out in the Notice of the 2010 AGM.

The existing Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 11 at the 2010 AGM and will expire on the date of the forthcoming 58th AGM to be held on 27 April 2011. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 58th AGM.

3.2 Shares Purchased or Acquired during the Previous 12 Months

As at the Latest Practicable Date, the Company has not made any purchase or acquisition of Shares under the existing Share Purchase Mandate approved by Shareholders at the 2010 AGM.

3.3 Rationale

The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares 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 Group. The purchases or acquisitions of Shares 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 purchases or acquisitions of the Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors. Share purchases or acquisitions will only be made if the Directors believe that such purchases or acquisitions would benefit the Group.

3.4 Terms of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if renewed at the AGM, are substantially the same as those previously approved by Shareholders at the 2010 AGM, and are summarised below:

3.4.1 *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 Shares (excluding any Shares which are held as treasury shares) in issue as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved.

3.4.2 *Duration of Authority*

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held; or
- (b) the date on which purchases or acquisitions of Shares 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.

3.4.3 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares by the Company may be made by way of:

- (a) an on-market purchase transacted through the SGX-ST's Quest-ST system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**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 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 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, 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 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), 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.

3.4.4 **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 or acquisition.

For the above purposes:

“**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 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 Quest-ST 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; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase or acquisition 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.

3.5 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, 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 Sections 76H to 76K of the Companies Act.

3.5.1 Treasury Shares

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

- (a) Maximum Holdings: 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 in issue 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 six months from the day the aforesaid limit is first exceeded.
- (b) Voting and Other Rights: The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and 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 treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so 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 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.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (i) the date of the sale, transfer, cancellation and/or use of such treasury shares, (ii) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (iii) the number of treasury shares which have been sold, transferred, cancelled and/or used, (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (v) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.5.2 ***Purchased or Acquired Shares Cancelled***

Under the Companies 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. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

3.6 Source of Funds

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

The Companies Act permits any purchase or acquisition of shares to be made out of the company's capital or profits so long as the company is solvent. 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 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.

3.7 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, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial accounts of the Company and Group for the financial year ended 31 December 2010, are based on the assumptions set out below.

3.7.1 **Purchase or Acquisition of Shares made out of Capital or Profits**

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 dividends by the Company. Where the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

3.7.2 **Number of, and Maximum Price paid for, Shares Purchased or Acquired**

Based on 653,504,000 Shares in issue as at the Latest Practicable Date (and assuming that no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM), the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of issued Shares will result in the purchase or acquisition by the Company of up to 65,350,400 Shares.

(a) Purchases or acquisitions made entirely out of capital

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).

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 65,350,000 Shares at the Maximum Price of \$0.64 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 65,350,000 Shares is \$41,824,000 (rounded down to the nearest thousand).

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 65,350,000 Shares at the Maximum Price of \$0.74 for each Share (being the price equivalent to 120% of the Highest Last Dealt Price of the Shares on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 65,350,000 Shares is \$48,359,000 (rounded down to the nearest thousand).

(b) Purchases or acquisitions made entirely out of profits

Having regard to the amount of distributable reserves of the Company as at 31 December 2010 of about \$25,686,000, 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 \$25,686,000.

In the case of Market Purchases by the Company made entirely out of profits and assuming the use of distributable reserves of the Company of up to \$25,686,000 for the purchase or acquisition of Shares at the Maximum Price of \$0.64 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum number of Shares (rounded down to the nearest 1,000 Shares) which can be purchased or acquired by the Company is 40,134,000 Shares representing approximately 6.4% of the total number of Shares in issue as at the Latest Practicable Date.

In the case of Off-Market Purchases by the Company made entirely out of profits and assuming the use of distributable reserves of the Company of up to \$25,686,000 for the purchase or acquisition of Shares at the Maximum Price of \$0.74 for each Share (being the price equivalent to 120% of the Highest Last Dealt Price of the Shares on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum number of Shares (rounded down to the nearest 1,000 Shares) which can be purchased or acquired by the Company is 34,710,000 Shares representing approximately 5.3% of the total number of Shares in issue as at the Latest Practicable Date.

3.7.3 ***Illustrative Financial Effects***

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits and whether the Shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2010, the assumptions stated above and assuming the purchases or acquisitions of Shares by the Company are funded solely from internal resources, the effects of such purchases or acquisitions of

Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the Scenarios A to D described below are as follows:

(1) Market Purchases

	GROUP				
	Before Share Purchase	After Share Purchase			
	Scenario A	Scenario B	Scenario C	Scenario D	
As at 31 December 2010 (audited)	←————— \$'000 —————→				
Share capital	172,154	172,154	172,154	172,154	130,330
Reserves	104,717	104,717	104,717	79,031	104,717
	276,871	276,871	276,871	251,185	235,047
Treasury shares	–	(25,686)	(41,824)	–	–
Shareholders' funds	276,871	251,185	235,047	251,185	235,047
Non-current liabilities	(13,322)	(13,322)	(13,322)	(13,322)	(13,322)
Non-current assets	127,082	127,082	127,082	127,082	127,082
Current assets	181,121	155,435	139,297	155,435	139,297
Current liabilities	(18,010)	(18,010)	(18,010)	(18,010)	(18,010)
Net current assets	163,111	137,425	121,287	137,425	121,287
Total liabilities	(31,332)	(31,332)	(31,332)	(31,332)	(31,332)
Net tangible assets ¹	276,871	251,185	235,047	251,185	235,047
Number of Shares ²	653,504	613,370	588,154	613,370	588,154
Financial Ratios					
Net tangible assets per Share (cents)	42.37	40.95	39.96	40.95	39.96
Basic earnings per Share (cents) – continuing operations	1.22	1.30	1.35	1.30	1.35
Gearing ratio ³ (times)	0.11	0.12	0.13	0.12	0.13
Current ratio ⁴ (times)	10.06	8.63	7.73	8.63	7.73

Notes:

- 1 Net tangible assets equals shareholders' funds.
- 2 Based on number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- 3 Gearing ratio equals total liabilities divided by shareholders' funds.
- 4 Current ratio equals current assets divided by current liabilities.

- (a) Scenario A: Market Purchases of 40,134,000 Shares made entirely out of profits and held as treasury shares.

As illustrated under Scenario A in the tables above, such 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 2010 will also decrease from 42.37 cents to 40.95 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.30 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) Scenario B: Market Purchases of 65,350,000 Shares made entirely out of capital and held as treasury shares.

As illustrated under Scenario B in the tables above, such 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 2010 will also decrease from 42.37 cents to 39.96 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.35 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.

- (c) Scenario C: Market Purchases of 40,134,000 Shares made entirely out of profits and cancelled.

As illustrated under Scenario C in the tables above, such 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 2010 will also decrease from 42.37 cents to 40.95 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.30 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) Scenario D: Market Purchases of 65,350,000 Shares made entirely out of capital and cancelled.

As illustrated under Scenario D in the tables above, such 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 2010 will also decrease from 42.37 cents to 39.96 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.35 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) Off-Market Purchases

	GROUP				
	Before Share	After Share Purchase			
	Purchase	Scenario A	Scenario B	Scenario C	Scenario D
As at 31 December 2010 (audited)	←————— \$'000 —————→				
Share capital	172,154	172,154	172,154	172,154	123,795
Reserves	104,717	104,717	104,717	79,031	104,717
	276,871	276,871	276,871	251,185	228,512
Treasury shares	–	(25,686)	(48,359)	–	–
Shareholders' funds	276,871	251,185	228,512	251,185	228,512
Non-current liabilities	(13,322)	(13,322)	(13,322)	(13,322)	(13,322)
Non-current assets	127,082	127,082	127,082	127,082	127,082
Current assets	181,121	155,435	132,762	155,435	132,762
Current liabilities	(18,010)	(18,010)	(18,010)	(18,010)	(18,010)
Net current assets	163,111	137,425	114,752	137,425	114,752
Total liabilities	(31,332)	(31,332)	(31,332)	(31,332)	(31,332)
Net tangible assets ¹	276,871	251,185	228,512	251,185	228,512
Number of Shares ²	653,504	618,794	588,154	618,794	588,154
Financial Ratios					
Net tangible assets per					
Share (cents)	42.37	40.59	38.85	40.59	38.85
Basic earnings per Share (cents) – continuing operations	1.22	1.29	1.35	1.29	1.35
Gearing ratio ³ (times)	0.11	0.12	0.14	0.12	0.14
Current ratio ⁴ (times)	10.06	8.63	7.37	8.63	7.37

Notes:

- 1 Net tangible assets equals shareholders' funds.
- 2 Based on number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- 3 Gearing ratio equals total liabilities divided by shareholders' funds.
- 4 Current ratio equals current assets divided by current liabilities.

	COMPANY				
	Before Share	After Share Purchase			
	Purchase	Scenario A	Scenario B	Scenario C	Scenario D
As at 31 December 2010 (audited)	←————— \$'000 —————→				
Share capital	172,154	172,154	172,154	172,154	123,795
Reserves	25,686	25,686	25,686	–	25,686
	197,840	197,840	197,840	172,154	149,481
Treasury shares	–	(25,686)	(48,359)	–	–
Shareholders' funds	197,840	172,154	149,481	172,154	149,481
Non-current liabilities	–	–	–	–	–
Non-current assets	195,758	195,758	195,758	195,758	195,758
Current assets ¹	45,803	20,117	45,803	20,117	45,803
Current liabilities ¹	(43,721)	(43,721)	(92,080)	(43,721)	(92,080)
Net current assets/ (liabilities) ¹	2,082	(23,604)	(46,277)	(23,604)	(46,277)
Total liabilities	(43,721)	(69,407)	(92,080)	(69,407)	(92,080)
Net tangible assets ²	197,840	172,154	149,481	172,154	149,481
Number of Shares ³	653,504	618,794	588,154	618,794	588,154
Financial Ratios					
Net tangible assets per Share (cents)	30.27	27.82	25.42	27.82	25.42
Basic earnings per Share (cents)	n.m	n.m	n.m	n.m	n.m
Gearing ratio ⁴ (times)	0.22	0.40	0.62	0.40	0.62
Current ratio ⁵ (times)	1.05	0.66	0.50	0.66	0.50

n.m. denotes not meaningful.

Notes:

- 1 As at 31 December 2010, the Company has approximately \$45.8 million of current assets, out of which \$43.9 million is in the form of cash and bank balances. The Company also has current liabilities of approximately \$43.7 million as at 31 December 2010, out of which \$43.03 million are amounts due to subsidiaries. The Group on a consolidated basis has \$128.9 million of cash and bank balances as at 31 December 2010. 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 purchases or acquisitions under the Share Purchase Mandate.
- 2 Net tangible assets equals shareholders' funds.
- 3 Based on number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- 4 Gearing ratio equals total liabilities divided by shareholders' funds.
- 5 Current ratio equals current assets divided by current liabilities.

- (a) Scenario A: Off-Market Purchases of 34,710,000 Shares made entirely out of profits and held as treasury shares.

As illustrated under Scenario A in the tables above, such 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 2010 will also decrease from 42.37 cents to 40.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.29 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) Scenario B: Off-Market Purchases of 65,350,000 Shares made entirely out of capital and held as treasury shares.

As illustrated under Scenario B in the tables above, such 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 2010 will also decrease from 42.37 cents to 38.85 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.35 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.

- (c) Scenario C: Off-Market Purchases of 34,710,000 Shares made entirely out of profits and cancelled.

As illustrated under Scenario C in the tables above, such 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 2010 will also decrease from 42.37 cents to 40.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.29 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) Scenario D: Off-Market Purchases of 65,350,000 Shares made entirely out of capital and cancelled.

As illustrated under Scenario D in the tables above, such 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 2010 will also decrease from 42.37 cents to 38.85 cents.

Assuming that the purchase of Shares had taken place on 1 January 2010, the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2010 would be increased from 1.22 cents to 1.35 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 assumptions stated above, 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 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 total number of the Company's issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares as mandated. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares purchased in treasury. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate 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.

3.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

3.9 Listing Manual

3.9.1 *No purchases during price sensitive developments*

Whilst the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the Board of Directors until the price sensitive information has been publicly announced.

In particular, in-line with the best practices guides on securities dealings set out in the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's annual results and during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year.

3.9.2 *Listing Status of the Shares*

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of the total number of issued Shares excluding treasury shares (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 approximately 212,584,660 Shares, representing approximately 32.53% of the total number of issued Shares, held by the public. In the event that the Company purchases the maximum of 10% of the total number of issued Shares from public Shareholders, the percentage of the Company's public float would be reduced to approximately 25.03% of the total number of Shares in issue. 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 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.

3.9.3 **Reporting Requirements**

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares) after the purchase and the number of treasury shares held after the purchase.

3.10 **Certain Take-over Code Implications Arising from the Share Purchase Mandate**

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below:

3.10.1 **Obligation to make a Take-over Offer**

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes 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.

3.10.2 **Persons Acting in Concert**

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 Take-over Code presumes *inter alia*, the following individuals and companies to be acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i) to (iv);
 - (vi) companies whose associated companies include any of (i) to (v); and

- (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives and related trusts and companies controlled by any of the directors, their close relatives and related trusts).

For the above 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.

3.10.3 **Effect of Rule 14 and Appendix 2 of the Take-over Code**

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 or acquisition 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 or acquisition of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increase to 30% or more; or
- (b) 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 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 or acquiring 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 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

3.10.4 **Shareholding Interests of Directors**

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors in the Shares of the Company before and after the purchase or acquisition 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 as at the Latest Practicable Date, (ii) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no Shares are held by the Company as treasury shares on or prior to the AGM, 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	587,000	188,763,392	189,350,392	28.975%	32.194%
Ong Mui Eng	4,547,248	175,443,140	179,990,388	27.542%	30.603%
Ong Hian Eng	3,062,604	175,506,392	178,568,996	27.325%	30.361%
Guan Meng Kuan	4,534,860	–	4,534,860	0.694%	0.771%
Ong Eng Loke (alternate director to Ong Mui Eng)	406,500	164,519,896	164,926,396	25.237%	28.041%

3.10.5 Shareholding Interests of Substantial Shareholders

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the substantial shareholders of the Company (“**Substantial Shareholders**”) in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, assuming that (i) the Company purchases or acquires the maximum of 10% of the total number of issued Shares as at the Latest Practicable Date, (ii) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no Shares are held by the Company as treasury shares on or prior to the AGM, 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 (In Member's Voluntary Liquidation)	141,162,840	22,473,056	163,635,896	25.040%	27.822%
Ong Choo Eng	587,000	188,763,392	189,350,392	28.975%	32.194%
Ong Mui Eng	4,547,248	175,443,140	179,990,388	27.542%	30.603%
Ong Hian Eng	3,062,604	175,506,392	178,568,996	27.325%	30.361%
Ong Kwee Eng	–	176,721,892	176,721,892	27.042%	30.047%
Ong Eng Loke	406,500	164,519,896	164,926,396	25.237%	28.041%
Ong Eng Yaw	25,000	177,277,896	177,302,896	27.131%	30.146%
Ong Bee Leem	151,440	177,277,896	177,429,336	27.150%	30.167%
Hong Leong Enterprises Pte. Ltd.	35,790,000	15,587,000	51,377,000	7.862%	8.736%
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.	–	136,968,000	136,968,000	20.959%	23.288%
Kwek Holdings Pte Ltd	–	136,968,000	136,968,000	20.959%	23.288%
Davos Investment Holdings Private Limited	–	136,968,000	136,968,000	20.959%	23.288%
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:

- Ong Holdings (Private) Limited (In Members' Voluntary Liquidation) (“**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 (In Members' Voluntary Liquidation) (“**Bee Tong**”) and International Foundation Engineering Pte. Ltd. (In Members' Voluntary Liquidation) (“**IFE**”).
- 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, Ely Investments (Pte) Ltd. (“**Ely Investments**”) and Ong Chay Tong & Sons (Private) Limited (“**OCTS**”), 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.
- 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, IFE and OCTS, 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.
- 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, Fica (Pte) Ltd and OCTS, 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.
- 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, IFE and OCTS, 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, IFE and Ely Investments, 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 Ong Bee Leem is deemed under Section 7 of the Act to have an interest in the shares held by Ong Holdings and Ely Investments, in which she and/or her associates are 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 Hong Leong Enterprises Pte. Ltd. ("**HLE**") is based on its last notification to the Company on 23 March 2011. 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.
- 10 The aggregate interest of City Developments Realty Limited ("**CDRL**") is based on its last notification to the Company on 13 February 2006.
- 11 The aggregate interest of City Developments Limited ("**CDL**") is based on its last notification to the Company on 13 February 2006. CDL is deemed under Section 7 of the Companies Act to have an interest in the Shares held by its wholly owned subsidiary, CDRL.
- 12 The aggregate interest of Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**") is based on its last notification to the Company on 15 March 2011. 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 52,377,000 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.
- 13 The aggregate interest of each of Kwek Holdings Pte Ltd ("**KH**") and Davos Investment Holdings Private Limited ("**Davos**") is based on their last notification to the Company on 15 March 2011 and 16 March 2011 respectively. Each of KH and Davos is deemed under Section 7 of the Companies Act to have an interest in the 136,968,000 Shares held directly and indirectly by HLIH, in which each of them is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- 14 Ong Kay Eng is deemed to have an interest in 1,600,000 Shares held by Altrade Investments 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.

3.10.6 ***Consequences of Share Purchases or Acquisitions by the Company on the Ong Concert Group***

Mr Ong Choo Eng, Mr Ong Mui Eng, Dr Ong Hian Eng and Mr Ong Eng Loke (collectively, the "**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, Mr Ong Eng Yaw, Ms Ong Bee Leem who are Substantial Shareholders of the Company (collectively, the "**Ong Concert Parties**") own or control an aggregate of approximately 30.83% 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 of 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 holdings in the Shares from 30.83% to 34.25%. 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 the 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 of the Take-over Code.

Save as disclosed herein, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any other Substantial Shareholder who would become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code in the event that the Company purchases or acquires the maximum of 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.

4. DIRECTORS' RECOMMENDATIONS

4.1 The Proposed Extension of the Duration of the 2001 Scheme

The Directors are of the opinion that the extension of the duration of the 2001 Scheme will be beneficial to and in the interests of the Company and recommend that Shareholders **vote in favour** of the Ordinary Resolution 10 relating to the extension of the duration of the 2001 Scheme.

Controlling shareholders and their associates as well as non-executive Directors of the Company are not eligible to participate in the 2001 Scheme. Although Messrs Ong Choo Eng, Ong Mui Eng and Ong Hian Eng are Executive Directors of the Company and Messrs Ong Eng Loke is the alternate director to Messrs Ong Mui Eng, they are not eligible to participate in the 2001 Scheme as they are controlling shareholders of the Company.

All employees of the Group and persons who are eligible to participate in the 2001 Scheme will abstain from voting at the AGM on Ordinary Resolution 10 in respect of Shares respectively held by them.

The Company will also procure that persons who are potential participants of the 2001 Scheme, and who are to abstain personally from voting any Shares held by them at the AGM on Ordinary Resolution 10 relating to the 2001 Scheme, will decline to accept appointment as proxies for any Shareholder to vote on Ordinary Resolution 10 unless (i) the Shareholder concerned does not have any personal interest in relation to the Resolution in question and (ii) such Shareholder shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the Resolution.

4.2 The Proposed Renewal of the Share Purchase Mandate

In view of the consequences of Share purchases or acquisitions by the Company on the Ong Concert Parties as described in paragraph 3.10.6 of this Appendix, the Ong Directors will abstain on making any recommendations on the proposed renewal of the Share Purchase Mandate. The Directors, save for the Ong Directors, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, they recommend that Shareholders **vote in favour** of Ordinary Resolution 12 in respect of the Share Purchase Mandate to be proposed at the AGM.

The Ong Concert Parties will abstain from voting on Ordinary Resolution 12 in relation to the Proposed Renewal of the Share Purchase Mandate to be proposed at the AGM and will decline to accept appointment as proxies for any Shareholder to vote on Ordinary Resolution 12 unless (i) the Shareholder concerned does not have any personal interest in relation to the Resolution in question and (ii) such Shareholder shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the Resolution.

5. DIRECTORS' RESPONSIBILITY STATEMENT

This Appendix has been seen and approved by the Directors (including those who have delegated detailed supervision of this Appendix) and 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, 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 Latest Practicable Date and there are no material facts the omission of which would make any statement in this Appendix misleading in any material respect as at the Latest Practicable Date.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 38 South Bridge Road, Singapore 058672 during normal business hours from the date of this Appendix up to and including the date of the 58th AGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the rules of the 2001 Scheme; and
- (c) the annual report of the Company for the financial year ended 31 December 2010.

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

Ong Choo Eng
Group Managing Director

ANNEXURE A

AMENDMENTS TO THE RULES OF THE 2001 SCHEME

RULES OF THE HWA HONG CORPORATION LIMITED (2001) SHARE OPTION SCHEME

1. DEFINITIONS

1.1 In this 2001 Scheme, unless the context otherwise requires, the following expressions shall have the following meanings:-

<u>Expression</u>	<u>Meaning</u>
“2001 Scheme”	the Hwa Hong Corporation Limited (2001) Share Option Scheme contained herein as amended from time to time;
“Adoption Date”	the date on which the 2001 Scheme is adopted by resolution of the Shareholders of the Company;
“Auditors”	the auditors for the time being of the Company;
“CDP”	The Central Depository (Pte) Limited;
“Committee”	a duly authorised committee of Director(s) of the Company established for the purpose of administering the 2001 Scheme;
“Companies Act”	the Companies Act (Chapter 50) of Singapore, as amended or modified from time to time;
“Company”	Hwa Hong Corporation Limited, a company incorporated in the Republic of Singapore;
“CPF”	Central Provident Fund;
“CPF Regulations”	the Central Provident Fund (Investment Schemes) Regulations and such other relevant legislation (whether set out in the CPF Act (Chapter 36), the regulations promulgated thereunder or elsewhere) pertaining to the withdrawal or use of CPF monies for the subscription or purchase of securities;
“Director”	a director for the time being of the Company;
“Employee”	any person who is (i) a confirmed full-time employee of the Company or any of its Subsidiaries or (ii) a full-time Executive Director or (iii) a confirmed employee of the Company or any of its Subsidiaries and seconded to an associated company or any other company in which the Company or any of its Subsidiaries holds shares. For the avoidance of doubt, being engaged by the Company or any of its Subsidiaries to render consultancy services and being compensated for such services <i>per se</i> will not render a person an “Employee”;
“Executive Director”	a director for the time being of the Company or any of its Subsidiaries holding office in an executive capacity in the Company or any of its Subsidiaries as the case may be. For the avoidance of doubt, being engaged by the Company or any of its Subsidiaries to render consultancy services and being compensated for such services <i>per se</i> will not render a director an “Executive Director”;

“Exercise Period”	such period as may be determined by the Committee during which an Option is exercisable, being the period commencing not earlier than the first anniversary of the Offering Date and ending on (and including) the day immediately preceding the tenth anniversary of the Offering Date Provided That where the Subscription <u>Exercise</u> Price for the Shares comprised in an Option is set at a discount to the Market Price, such Option may not be exercised before the second anniversary of the Offering Date;
“Exercise Price”	<u>the price per Share at which an Employee is granted the right to subscribe for or acquire Shares upon the exercise of an Option, determined in accordance with Rule 5, or such other price as may result from an adjustment pursuant to Rule 12;</u>
“Group”	the Company and its Subsidiaries;
“Market Day”	a day on which the Singapore Exchange is open for trading of securities;
“Market Price”	the weighted average price of the Shares for the Market Day immediately preceding the relevant Offering Date;
“Offering Date”	a date on which an offer is made by the Company to an Employee to purchase an Option;
“Option”	a right to subscribe for <u>or acquire</u> Shares granted pursuant to the 2001 Scheme;
“Participant”	the holder of an Option;
“Record Date”	the date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be);
“Share”	an ordinary share of S\$0.25 (or such other nominal value for the time being) in the capital of the Company;
“Singapore Exchange”	Singapore Exchange Securities Trading Limited;
“ Subscription Price ”	the price per Share at which an Employee is granted the right to subscribe for Shares upon exercise of an Option, determined in accordance with Rule 5, or such other price as may result from an adjustment pursuant to Rule 12;
“Subsidiary”	a company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act; and
“Treasury Share”	treasury share shall have the meaning ascribed to it in Section 4 of the Companies Act; and
“\$” or “S\$”	Singapore dollars.

- 1.2 The terms “associate” and “Controlling Shareholder” shall have the meanings ascribed to them in the Singapore Exchange Listing Manual.

- 1.3 Any reference herein to any enactment shall be construed as including a reference to that enactment as the same may from time to time be amended or re-enacted.
- 1.4 Wherever the context so admits or requires, words in the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine.
- 1.5 Unless the context otherwise requires, references to Rules are to Rules of the 2001 Scheme.
- 1.6 The headings to the Rules are for convenience only and have no legal effect.
- 1.7 Any reference to a time of a day in the 2001 Scheme is a reference to Singapore time.

2. OFFER OF OPTIONS

- 2.1 Subject to the limitations hereinafter set out, the Committee shall be entitled to offer Options under the terms of the 2001 Scheme to such Employees as it may select in its absolute discretion at any time and from time to time Provided That in the event that an announcement on any matter of an exceptional nature involving unpublished price-sensitive information is made, offers may only be made after the fifth Market Day from the date on which the aforesaid announcement is released.

3. DETERMINATION OF ELIGIBILITY

- 3.1 Any person will be eligible to participate in the 2001 Scheme at the absolute discretion of the Committee, but no Option shall be offered to any such person if at the Offering Date:-

(a) he shall not be an Employee;

(b) he shall be a non-Executive Director;

~~(b)~~(c) he shall be a Controlling Shareholder or an associate of a Controlling Shareholder;

~~(c)~~(d) he shall not have attained the age of twenty-one (21) years; or

~~(d)~~(e) he shall be an undischarged bankrupt.

- 3.2 In determining the eligibility of Employees to participate in this 2001 Scheme and the number of Shares to be offered to an Employee under an Option, the Committee will take into account, *inter alia*, the seniority, level of responsibility, years of service, performance evaluation and potential for development of the Employee.

4. LIMITATION ON THE 2001 SCHEME

- 4.1 The total number of new Shares in respect of which the Company may grant Options, when added to the number of new Shares issued and which would be issued upon the exercise of all outstanding Options under the 2001 Scheme, shall at no time exceed five (5) per cent. of the ~~total issued share capital of the Company~~total number of issued Shares (excluding Treasury Shares) from time to time.

~~4.2 The Company shall at all times keep available sufficient unissued Shares to satisfy all outstanding Options.~~

- 4.2 The Company shall have the flexibility to deliver existing Shares to Participants upon the exercise of their Options as provided in Rule 9.1(d). Subject to applicable laws and the rules of the Listing Manual of the Singapore Exchange, the number of existing Shares which may be delivered in settlement of the exercise of Options will not be subject to any limit, in particular, the limit of five (5) per cent of the total number of issued Shares (excluding Treasury Shares) referred to in Rule 4.1, as such method of settlement does not involve the issuance of any new Shares.

For the avoidance of doubt, the Options which have already been granted shall not be invalidated in the event that a reduction of the Company's capital or a buy-back of its Shares (if applicable) results in the Shares issuable under outstanding Options exceeding the restrictions above.

5. DETERMINATION OF ~~SUBSCRIPTION~~EXERCISE PRICE

5.1 Subject always to the provisions of Rule 12, the ~~Subscription~~Exercise Price per Share to be paid upon exercise of an Option shall be determined by the Committee in its absolute discretion, and fixed by the Committee as follows :-

- (a) in relation to Employees ranked below the rank of Senior Manager (or an equivalent or analogous rank), a price equal to the Market Price, ~~or the nominal value of the Shares, whichever is greater~~; or
- (b) in relation to Employees of the rank of Senior Manager (or an equivalent or analogous rank) and above, a price which may be set at a discount to the Market Price, ~~or the nominal value of the Shares, whichever is greater~~ Provided That :-
 - (i) the maximum percentage of the discount to the Market Price shall be determined as set out below:-

$$\text{Maximum Discount (\%)} = \frac{\text{EPS (current financial year)} - \text{EPS (last financial year)}}{\text{EPS (last financial year)}} \times 100$$

provided that :-

- (A) the profit after tax and minority interest but before extraordinary items of the Group based on the latest available full-year audited consolidated accounts of the Group at the Offering Date is not less than S\$9,000,000; and
- (B) EPS (current financial year) – EPS (last financial year) is more than zero.

where

- (aa) "EPS" refers to the earnings per Share computed by dividing the Group's net profit after tax and minority interest but before extraordinary items with the 12-month weighted average ~~issued share capital~~ number of issued Shares. In the event that there is any bonus issue, rights issue, sub-division or consolidation effect, the EPS shall be adjusted accordingly for comparison purposes in a fair and reasonable manner which is acceptable to the Committee;
 - (bb) "EPS (current financial year)" shall be determined based on the latest available full-year audited consolidated accounts of the Group at the Offering Date; and
 - (cc) "EPS (last financial year)" shall be based on the audited consolidated accounts of the Group for the financial year immediately preceding the financial year in (bb) above;
- (ii) notwithstanding Rule 5.1 (b)(i) above, the maximum discount shall not exceed twenty (20) per cent. of the Market Price; and
 - (iii) the Shareholders of the Company in general meeting shall have authorised the making of offers and grants of Options under the 2001 Scheme at a discount not exceeding the maximum discount as stated in Rule 5.1(b)(ii) above (for the avoidance of doubt, such prior authorisation only has to be obtained once and, once obtained, shall unless revoked at general meeting, authorise the making of offers and grants of Options at such discount for the entire duration of the 2001 Scheme).

6. METHOD OF OFFER

Subject to Rule 17.1, the Committee shall determine the following :-

- (a) the Employees eligible to participate in the 2001 Scheme pursuant to Rule 3;
- (b) the number of Shares for which Options may be granted to any Employee;
- (c) the ~~Subscription~~Exercise Price determined in accordance with Rule 5;
- (d) the Exercise Period determined in accordance with Rule 1; and
- (e) such other terms and conditions (if any) consistent with the 2001 Scheme as the Committee may deem fit;

and the Committee or a Director of the Company authorised by the Committee shall make the respective offers to the Employees in accordance with this 2001 Scheme.

- 6.2 An offer of an Option to an Employee shall be by way of letter in the form set out in Appendix A, subject to such modification as the Committee may from time to time determine (the "Letter of Offer"). The last day for acceptance of an offer shall be one (1) month after the relevant Offering Date, or such other date as the Committee may determine.

7. ACCEPTANCE OF THE OFFER

- 7.1 Any Employee who wishes to accept an offer made pursuant to Rule 6 may only do so :-

- (a) by completing, signing and returning the Acceptance Form (in the form set out in Appendix B, subject to such modification as the Committee may from time to time determine) to the Committee on or before the stated time and date set out in the Letter of Offer together with payment therefor of the sum of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require; and
- (b) if, as at the date on which he accepts the Option as aforesaid, he remains eligible to participate in the 2001 Scheme pursuant to Rule 3.

- 7.2 Unless the Committee otherwise determines, any Employee who fails to return an Acceptance Form in accordance with Rule 7.1 on or before the stated time on the closing date set out in the Letter of Offer shall be deemed to have rejected the offer which shall forthwith lapse.

- 7.3 If an Option is accepted in accordance with the terms of this 2001 Scheme, the Option shall be deemed to have been granted and to have taken effect on the Offering Date.

8. OPTIONS TO BE PERSONAL TO EMPLOYEES

- 8.1 An Option shall be personal to the Employee to whom it is offered and any Option granted to any person under the 2001 Scheme shall not be capable of being transferred by him but may be exercised by the Employee's legal personal representative(s) as provided in Rule 13 in the event of the death of the Employee.

- 8.2 Employees shall not in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over any Option or any rights thereunder.

9. EXERCISE OF OPTIONS

- 9.1 (a) Except as otherwise provided in Rule 13, any subsisting Option may be exercised in accordance with the terms and conditions of this 2001 Scheme in whole or in part during the Exercise Period.

- (b) An Option may be exercised in multiples of 1,000 Shares only. However, notwithstanding the foregoing, a Participant may exercise his Option otherwise than in multiples of 1,000 Shares if (and only if) such exercise is for the subscription or acquisition of all (and not part only) of the Shares which are the subject of such Option.
- (c) The exercise of an Option (including the time and manner of such exercise) shall be subject to and carried out in accordance with any guidelines that may from time to time be prescribed by the Committee. The Company further reserves the right to treat any exercise as invalid where it has reason to believe that such exercise would or may infringe any applicable laws, including any applicable requirements of the Singapore Exchange.
- (d) Subject to the Companies Act and the listing rules of the Singapore Exchange, the Committee shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:-
 - (aa) an allotment and issue of new Shares; and/or
 - (bb) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as Treasury Shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants on the exercise of their Options, the Committee will take into account factors such as (but not limited to) the prevailing market price of the Shares, funding considerations, the dilutive effects on the share capital of the Company and the cost to the Company of either issuing new Shares or purchasing existing Shares.

- 9.2 A Participant may exercise an Option by notice in writing to the Company in the form set out in Appendix C, subject to such modification as the Committee may from time to time determine ("Exercise Notice"). The Exercise Notice shall be accompanied by a remittance for the full amount of the aggregate ~~Subscription~~ Exercise Price and any other documentation which the Committee may require in connection with the exercise of the Option including evidence to verify due execution of the Exercise Notice. An Option shall not be deemed to be exercised unless the Company shall have received the Exercise Notice, duly completed and signed by the Participant, and the aggregate ~~Subscription~~ Exercise Price and all other conditions for exercise of the Option imposed by the 2001 Scheme (including those set out in Rule 9.4) shall have been satisfied.
- 9.3 All payments made pursuant to Rule 9.2 shall be made by cheque, cashier's order, banker's draft or postal order in favour of the Company.
- 9.4 Subject to :-
 - (a) such consents (including any approvals required from the Singapore Exchange) as may be necessary;
 - (b) the Participant having a securities account with CDP and compliance with the applicable requirements of CDP;
 - (c) compliance with the terms of the Option, the 2001 Scheme and the Memorandum and Articles of Association of the Company;
 - (d) (in the case of a Participant using CPF monies to effect payment for the Shares) compliance with the CPF Regulations and the applicable requirements of the CPF Board; and
 - (e) the Company being satisfied that the Shares which are the subject of a valid Exercise Notice will be listed for quotation on the Singapore Exchange (where new Shares are to be issued pursuant to the exercise of the Option);

~~the Company shall direct the Share Registrar for the time being of the Company to allot the Shares in respect of which such Option has been exercised to the Participant and register the Shares in the name of CDP, within ten (10) Market Days after the receipt of the Exercise Notice, the relevant remittance and upon the satisfaction of all other conditions for exercise of the Option imposed by this 2001 Scheme, issue and allot the relevant number of new Shares and/or, as the case may be, transfer or procure the transfer of the relevant number of existing Shares to the Participant, and to the Company shall (where required) issue and despatch to CDP, within five (5) Market Days from the date of such allotment, for the account of the Participant or the account of such nominee as the Participant may appoint, share certificate(s) in respect thereof of such Shares by ordinary post or such other mode as the Committee may deem fit.~~

9.5 Any of the conditions in Rule 9.4 may be waived in whole or in part by the Committee and subject to any of the conditions as it may deem fit.

9.6 Any Option remaining unexercised at the end of the Exercise Period shall forthwith lapse.

10. INVALID ACCEPTANCE OR EXERCISE OF OPTION

10.1 The Company shall be entitled to reject any purported acceptance of an offer made pursuant to Rule 6 or any Exercise Notice which does not strictly comply with the terms of this 2001 Scheme.

11. RIGHTS AND OBLIGATIONS OF PARTICIPANT UPON EXERCISE OF OPTION

11.1 The Shares which are issued and allotted or transferred upon the exercise of an Option will be subject to the provisions of the Memorandum and Articles of Association of the Company and will rank for any dividend, right, allotment or other distribution the Record Date of which is on or after the date of the exercise of the Option and (subject as aforesaid) will rank pari passu in all respects with the Shares of the Company then existing. ~~The new Shares will be subject to the provisions of the Memorandum and Articles of Association of the Company.~~

11.2 Notwithstanding the provisions of any other Rule :-

(a) this 2001 Scheme or any Option shall not form part of any contract of employment between the Company and/or any Subsidiary and any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in this 2001 Scheme or any right which he may have to participate in it or any Option which he may hold and this 2001 Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and

(b) this 2001 Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

11.3 All Participants shall at all times comply with ~~Part II of the Best Practices Guide~~ the best practices on dealings in securities set out in Rule 1207(18) of the Singapore Exchange Listing Manual, as the same may from time to time be modified.

11.4 All Participants shall notify the Company Secretary of the Company or any other person authorised in writing by the Directors of the Company, within 24 hours of their disposal of the Shares arising from the exercise of the Option, stating the date of transaction, the transaction price and the amount of Shares disposed of and such other information as the Company may require.

12. ADJUSTMENTS

12.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, sub-division or consolidation of the then existing Shares) shall take place or if there is an offer or invitation made to Shareholders of the Company whereunder they may acquire or subscribe for securities convertible into Shares in the Company or rights to acquire or subscribe for Shares in the Company, then :-

- (a) the ~~Subscription~~Exercise Price; and/or
- (b) the ~~nominal value~~, number and/or class of Shares comprised in an Option to the extent unexercised and the rights attached thereto; and/or
- (c) the ~~normal value~~, class and/or number of Shares in respect of which Options may be granted under this 2001 Scheme; ~~and/or~~

may, at the discretion of the Committee, be adjusted in such manner as the Committee may, in consultation with the Auditors (if required), determine to be appropriate (not excluding retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise) provided that the Auditors (acting only as experts and not as arbitrators) shall have confirmed in writing, except in relation to a capitalisation issue where no such confirmation shall be required, that, in their opinion, such adjustment is fair and reasonable.

12.2 Notwithstanding the provisions of Rule 12.1, no such adjustment shall be made if, as a result, the ~~Subscription Price shall fall below the nominal value of a Share~~Participant receives a benefit that a Shareholder of the Company does not receive.

12.3 The following circumstances will not be regarded as circumstances requiring adjustment:-

- (a) the issue of securities as consideration for or in connection with any acquisition or by way of private placement; and
- (b) the cancellation of issued shares purchased or acquired by the Company by way of a market purchase of such shares undertaken by the Company on the Singapore Exchange during the period when a share purchase mandate granted by Shareholders of the Company in general meeting (including any renewal of such mandate) is in force.

12.4 Any adjustments made shall, subject to the other provisions of this Rule 12, take effect upon the date of written notification of the adjustment by the Company to the Participants. Upon any adjustment required to be made pursuant to this Rule, the Company shall notify each Participant (or his duly appointed personal representatives) in writing of the adjustment(s) including (if applicable) the adjusted ~~Subscription~~Exercise Price, the ~~nominal value~~, class and number of Shares in respect of which his Option(s) may be exercised and the date on which such adjustment(s) shall take effect.

12.5 Notwithstanding the provisions of Rule 12.1 or that no adjustment is required under the provisions of this 2001 Scheme, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 12.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reason whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

13. TERMINATION AND EARLY EXERCISE OF THE OPTION

13.1 Subject to the other provisions in this Rule 13, in the event of :-

- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares, all Participants holding Options shall be entitled to exercise any Options then held in the period commencing on the date on which such offer is made (or in the case of a conditional offer, commencing on the date on which such offer becomes unconditional or such earlier date as the Committee may determine), and ending on either the expiry of six (6) calendar months thereafter or the date of the expiry of the Exercise Period, whichever is earlier, whereupon all Options shall lapse Provided That if during such period the offeror becomes entitled or bound to exercise rights of compulsory acquisition of Shares under Section 215 of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, all Options shall remain exercisable until that specified date or the expiry of the Exercise Period, whichever is earlier. Any Option not so exercised by the said specified date shall lapse provided that the rights of acquisition or obligations to acquire as stated in the notice shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, all Options shall remain exercisable until the expiry of the Exercise Period; or
- (b) a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, all Participants shall be entitled to exercise any Options then held in the period commencing on the date upon which the scheme is sanctioned by the Court and ending either on the expiry of sixty (60) days thereafter or the date upon which the scheme becomes effective or the date of expiry of the Exercise Period, whichever is the earlier, whereupon all Options shall lapse.

13.2 Subject to the provisions in this Rule 13 as set out below, an Option, to the extent unexercised, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees) :-

- (a) the Participant, for any reason whatsoever (whether by reason of wrongful dismissal or otherwise) ceases to be in the full-time employment of the Company and/or any Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;
- (b) a Participant does or suffers any act or thing whereby he would or might be deprived of the legal or beneficial ownership of his Option;
- (c) death of a Participant;
- (d) a Participant commits an act of bankruptcy or is subject to a petition for bankruptcy;
- (e) a Participant commits any breach of any of the terms of his Option; or
- (f) misconduct on the part of a Participant as determined by the Company in its discretion.

13.3 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, permit any Option to be exercised notwithstanding the provisions of any other Rules including Rules 13.1 and 13.2. Further to such exercise of discretion, the Options shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rules 13.1 and 13.2 above. Without prejudice to the generality of the foregoing, the Committee may, in writing and not otherwise, at its absolute discretion permit any Option to be exercised in the following circumstances :-

- (a) if a Participant dies before the expiry of any Option, such Option may be exercised by his personal representative(s) on or before the earlier of the expiry of the Exercise Period and the first anniversary of his death, failing which his Option(s) shall forthwith lapse;

- (b) if a Participant ceases to be employed by reason of :-
- (i) his retirement at or after attaining normal retirement age (being the age stipulated under the Company's retirement scheme from time to time in force or as prescribed under the Retirement Age Act (Chapter 274A), as the case may be);
 - (ii) ill-health, injury, disability or accident (in each case evidenced to the satisfaction of the Committee);
 - (iii) redundancy; or
 - (iv) any other ground (including early retirement before the normal retirement age referred to above) where the exercise of the Option under this Rule 13.3 has been approved by the Committee in writing,

such Participant may exercise his Option on or before the earlier of the expiry of the relevant Exercise Period and the first anniversary of the date of cessation of his employment, failing which his Option shall forthwith lapse; and

- (c) if a general offer referred to in Rule 13.1(a), being conditional, is withdrawn or lapses without becoming or being declared unconditional, Participants who have not exercised their Options may exercise their Options during the relevant Exercise Period subject to and in accordance with the Rules of the 2001 Scheme as if such offer had not been made Provided That the Options of such Participants shall not be exercisable pursuant to Rule 13.1 in connection with such offer.

13.4 In the event that an order is made for the compulsory winding-up of the Company, all Options to the extent that they are then unexercised shall forthwith lapse.

13.5 In the event of a voluntary winding-up (other than for amalgamation or reconstruction) of the Company, Participants shall be entitled, subject to the other provisions of the 2001 Scheme, to exercise any Options then held within thirty (30) days commencing from the date of the commencement of the voluntary winding-up but before the expiry of the relevant Exercise Period. Thereafter all unexercised Options shall forthwith lapse.

13.6 If in connection with the making of a general offer referred to in Rule 13.1(a) or a scheme referred to in Rule 13.1(b) or a winding-up referred to in Rule 13.5, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the benefit of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option may not, unless otherwise determined at the discretion of the Committee, exercise that Option in accordance with the foregoing provisions of this Rule 13.

13.7 For the avoidance of doubt, any Option which is permitted to be exercised by reason of Rule 13.1, 13.3 or 13.5 shall be so capable of being exercised notwithstanding that the exercise thereof may take place prior to the commencement of the Exercise Period, and any exercise thereof shall be made in accordance with the relevant provisions in Rule 9.

14. LISTING ON THE SINGAPORE EXCHANGE

14.1 So long as the Shares in issue are listed on the Singapore Exchange, As soon as practicable after the receipt of the duly completed Exercise Notice, the relevant remittance and the satisfaction of all other conditions for exercise of the Option imposed by this 2001 Scheme, the Company will apply to the Singapore Exchange for the listing and quotation of the new Shares which may be issued upon exercise of the Option (where new Shares are to be issued pursuant to the exercise of such Option) and the new Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 12.

15. DURATION OF THE 2001 SCHEME

15.1 The 2001 Scheme will continue in operation at the discretion of the Committee for a maximum period of ten (10) years from the Adoption Date, provided always it may, subject to applicable laws and regulations, be extended for any further period or periods thereafter with the approval of Shareholders at a general meeting of the Company and any relevant approvals which may then be required.

16. ALTERATION AND TERMINATION OF THE 2001 SCHEME

16.1 This 2001 Scheme may be altered in any respect by a resolution of the Committee except that :-

(a) no alteration shall be made which would adversely affect the rights of any Participant in relation to Options held by him prior to such alteration except with the prior consent in writing of such number of Participants who, if they exercised their Options in full, would be entitled to not less than seventy-five (75) per cent. of the aggregate ~~nominal amount~~ number of the Shares which would ~~arise~~ be acquired upon the exercise in full of all outstanding Options;

(b) no alteration to the definitions of "Committee", "Employee", "Executive Director", "Exercise Period", and "~~Subscription~~ Exercise Price" and Rules 3, 4, 5, 7.1(a), 9.1, 11.1, 13, 16.1 and 17.1 shall be made to the advantage of the Participants except with the prior approval of the Shareholders of the Company in general meeting; and

(c) no alteration shall be made without the prior approval of the Singapore Exchange.

16.2 Written notice of any alteration to this 2001 Scheme shall be given to all Participants holding Options but accidental omission to give notice to any Participant(s) shall not invalidate any such alterations.

16.3 Notwithstanding anything to the contrary contained in Rule 16.1, the Committee may at any time by resolution (and without other formality save for the approval of the Singapore Exchange) amend or alter the 2001 Scheme in any way to the extent necessary to cause the 2001 Scheme to comply with any statutory provision or the requirements of any regulatory or other relevant authority or body (including the Singapore Exchange).

16.4 The 2001 Scheme may be terminated at any time by the Committee and by resolution of the Company in general meeting, subject to all other relevant approvals which may then be required. If the 2001 Scheme is so terminated no further Option shall be offered by the Company hereunder but the then existing rights of Participants under the 2001 Scheme shall not thereby be affected.

17. ADMINISTRATION

17.1 This 2001 Scheme shall be administered by a Committee of Directors (as appointed under the Memorandum and Articles of Association of the Company), appointed by the Board of Directors of the Company in its absolute discretion, with such powers and duties as may be conferred upon it by the Board of Directors Provided That no member of the Committee shall be involved in any deliberation or decision-making in respect of Options to be granted to him.

17.2 The Company shall bear the costs of establishing and administering the 2001 Scheme.

18. ANNUAL REPORT DISCLOSURE

18.1 The Company shall make the following disclosure or such other disclosures as may from time to time be required under the listing rules of the Singapore Exchange in its annual reports :-

(a) The names of the members of the Committee;

- (b) The number and proportion of Options granted at a discount to the Market Price during the financial year under review including :-
- (i) the number and proportion of Options granted at a discount of ten (10) per cent. or less;
 - (ii) the number and proportion of Options granted at a discount of more than ten (10) per cent.; and
- (c) The information required in the table below for the following Participants :-
- (i) Directors of the Company; and
 - (ii) Participants, other than those in Rule 18.1(c)(i) above, who received five (5) per cent. or more of the total number of Options for the time being available under the 2001 Scheme.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of 2001 Scheme to end of financial year under review	Aggregate Options exercised since commencement of 2001 Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

19. DISPUTES; DISCLAIMER

- 19.1 Any dispute arising hereunder (other than matters to be confirmed by the Auditors in accordance with this 2001 Scheme) shall be referred for decision to the Committee whose decision shall be final and binding (including any decisions pertaining to disputes as to interpretation of the 2001 Scheme or any Rule, regulation, procedure thereunder or as to any rights under the 2001 Scheme).
- 19.2 Notwithstanding any other provision in this 2001 Scheme, the Company, its Directors or employees or the Committee shall not under any circumstances be held liable for any costs, losses, expenses, liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the 2001 Scheme including without limitation any delay or failure to issue and/or transfer or procure the transfer of Shares or to apply for or procure the listing of the new Shares on the Singapore Exchange in accordance with Rule 14.1.

20. NOTICES

- 20.1 A Participant shall not by virtue of any unexercised Option be entitled to receive copies of any notices or other documents sent by the Company to the holders of Shares.
- 20.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.
- 20.3 Any notice or other communication sent by post :-
- (a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and
 - (b) by the Participant shall be deemed to have been received when the same is received by the Company Secretary for the time being of the Company at the registered office of the Company.

21. CONSENTS; TAXES AND FEES

- 21.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the relevant Option. All taxes (including income tax) arising from the grant or exercise of any Option granted to any Participant under the 2001 Scheme shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the 2001 Scheme. The Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares in CDP's name, the deposit of share certificate(s) with CDP or the crediting of the Participant's securities account with CDP or securities sub-account with an approved bank (as defined in the CPF Regulations).

22. GOVERNING LAW AND JURISDICTION

- 22.1 This 2001 Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by participating in the 2001 Scheme, irrevocably submit to the exclusive jurisdiction of the Singapore courts.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

- 23.1 The Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not be applicable to the 2001 Scheme and a person who is not a party to the 2001 Scheme shall not have any rights under the Contracts (Rights of Third Parties) Act to enforce any term of the 2001 Scheme.

HWA HONG CORPORATION LIMITED (2001) SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date:

To: Name
Designation
Address

Private and Confidential

Dear Sir/Madam

We have pleasure in informing you that you have been nominated by the Committee of the Hwa Hong Corporation Limited (2001) Share Option Scheme (the "2001 Scheme") to participate in the 2001 Scheme.

Accordingly, an offer is hereby made to grant you an option, in consideration of the payment of a sum of S\$1.00, to subscribe for ~~or and be allotted~~ acquire _____ ordinary shares ~~of each~~ in the capital of the Company at a price of S\$ _____ per share (the "Option"). The Option shall be subject to the terms of this letter and of the 2001 Scheme (as the same may from time to time be amended pursuant to the terms of the 2001 Scheme), a copy of which is enclosed herewith.

Please note that the Option is personal to you and you shall not transfer or assign to any other person or create any charge, lien or other encumbrances whatsoever in respect of the Option or any part thereof or any rights thereunder.

If you wish to accept this offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 by 5.00 p.m. Singapore time on the _____ day of _____ (being the closing date for acceptance of the Option), failing which this offer will forthwith lapse.

Yours faithfully

For and on behalf of
HWA HONG CORPORATION LIMITED

Director

NOTE: The exercise period for the Option will commence not earlier than the *first/second anniversary and will end on (and include) the day immediately preceding the tenth anniversary of the date hereof.

*Delete if inapplicable

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HWA HONG CORPORATION LIMITED (2001) SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

To : Hwa Hong Corporation Limited
38 South Bridge Road
Singapore 058672

Attention: The Company Secretary

Closing date for acceptance of Option : (5.00 p.m. Singapore time)
Number of shares over which Option is offered : _____
~~Subscription~~Exercise price per share : S\$ _____

I have read your letter of offer dated (the "Letter of Offer") and agree to be bound by the terms of the Hwa Hong Corporation Limited (2001) Share Option Scheme (the "2001 Scheme") and the Letter of Offer. I hereby accept the option to subscribe for or acquire _____ ordinary shares _____ of ~~S\$ each~~ in the capital of Hwa Hong Corporation Limited at S\$ _____ per share and enclose a cheque/cash for S\$1.00 in payment for the option.

I understand that :-

- (a) I am not obliged to exercise my option to subscribe for or acquire shares in the Company; and
- (b) If I exercise my option to subscribe for or acquire shares in the Company, I shall notify the Company Secretary or any other person authorised in writing by the Directors of the Company within 24 hours of my disposal of the shares arising from the exercise of my option, stating the date of transaction, the transaction price and the amount of shares disposed of and such other information as the Company may require.

I confirm that as at the date hereof I am not less than 21 years old or an undischarged bankrupt.

I acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to participate in the 2001 Scheme or accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

Please Print in Block Letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

NRIC/Passport No. : _____

Signature : _____

Date : _____

HWA HONG CORPORATION LIMITED (2001) SHARE OPTION SCHEME

NOTICE OF EXERCISE OF OPTION

Serial No: _____

To : Hwa Hong Corporation Limited
38 South Bridge Road
Singapore 058672

Attention: The Company Secretary

Total number of ordinary shares of ~~S\$~~ each
("Shares") over which Option was offered
under the Hwa Hong Corporation Limited
(2001) Share Option Scheme (the "2001
Scheme") on _____
("Offering Date") : _____

Number of Shares previously ~~allotted~~ acquired
thereunder : _____

Outstanding balance of Shares which may be
~~allotted~~ acquired thereunder : _____

Number of Shares now to be subscribed
or acquired ~~Subscription price per Share~~ : _____

Exercise price per Share : _____

1. *(a) *(In the case of a Participant who is not using CPF monies in payment for the ~~Subscription Scheme~~ Shares)*

Pursuant to the Company's letter of offer under the 2001 Scheme to me on the above Offering Date, I hereby exercise the Option to subscribe for or acquire _____ Shares ("~~Subscription Scheme~~ Shares") in Hwa Hong Corporation Limited at S\$ _____ per Share.

I request the Company to issue and allot and/or transfer or procure the transfer of the said ~~Subscription Scheme~~ Shares in the name of The Central Depository (Pte) Limited ("CDP"), and (where required) despatch the share certificate(s) relating thereto by ordinary post and at my own risk, to CDP. Please request CDP to credit the ~~Subscription Scheme~~ Shares :-

- (i) *in my name and to my CDP direct securities account number; or
- (ii) *in the name of _____ (which is the nominee of the financial institution from whom I have sought financing for the ~~Subscription Scheme~~ Shares) and to their CDP securities account number _____ .

The particulars of the said nominee are as follows:

(aa) Address : _____

(bb) Registration number : _____

(cc) Country of incorporation : _____

I enclose a *cheque/cashier's order/banker's draft/postal order no. _____ for S\$ _____ ~~by way of subscription~~ in payment of the Exercise Price for the said ~~SubscriptionScheme~~ Shares.

**(b) (In the case of a Participant who is using CPF monies in payment for the ~~SubscriptionScheme~~ Shares)*

Pursuant to the Company's letter of offer under the 2001 Scheme to me on the above Offering Date, I hereby exercise the Option to subscribe for or acquire _____ Shares ("~~SubscriptionScheme~~ Shares") in Hwa Hong Corporation Limited at S\$ _____ per Share.

I wish to pay for the ~~subscription-Exercise p~~Price in respect of the ~~SubscriptionScheme~~ Shares by way of the CPF monies standing to the credit of my CPF Investment Account specified below. In this connection, I enclose herewith an Application for Withdrawal under the Central Provident Fund (Approved Investment Schemes) Regulations or such other regulations as may be in force from time to time. I understand and acknowledge that the use of CPF monies for the payment of the ~~SubscriptionScheme~~ Shares requires, *inter alia*, checks to be made in respect of my relevant accounts with the Central Provident Fund Board and the Agent Bank referred to below and that, accordingly, the time within which the ~~SubscriptionScheme~~ Shares (if any) are issued by the Company and listed on the Singapore Exchange Securities Trading Limited is dependent upon the foregoing.

Name of bank : _____ (the "Agent Bank")

CPF Investment Account Number : _____

CPF Account Number : _____

I also irrevocably and unconditionally authorise the Company to obtain or disclose all necessary information from or to the Agent Bank, to submit the forms referred to above to the Agent Bank and to request such Agent Bank to forward the cashier's order or cheque for an amount equal to the total ~~SubscriptionExercise~~ Price in payment of the ~~SubscriptionScheme~~ Shares to the Company. I agree that the Company shall not be in any way liable if for any reason whatsoever such cashier's order or cheque is not issued or is not received by the Company.

I request the Company to instruct The Central Depository (Pte) Limited to credit the ~~SubscriptionScheme~~ Shares to the account of such nominee of the Agent Bank as shall have been notified by the Agent Bank to the Company.

**(c) (In the case of legal personal representative(s) of the Deceased)*

Pursuant to the Company's letter of offer under the 2001 Scheme to _____ (the "Deceased") on the above Offering Date, I/we, being the legal personal representative(s) of the Deceased, hereby exercise the Option to subscribe for or acquire _____ Shares ("~~SubscriptionScheme~~ Shares") in Hwa Hong Corporation Limited at S\$ _____ per Share.

I/We request the Company to issue and allot and/or transfer or procure the transfer of the said ~~SubscriptionScheme~~ Shares in the name of The Central Depository (Pte) Limited ("CDP"), and

(where required) despatch the share certificate(s) relating thereto by ordinary post and at my/our own risk to CDP. Please request CDP to credit the ~~SubscriptionScheme~~ Shares in my/our name(s) as stated below and my/our CDP direct securities account number .

As evidence of my/our due and valid appointment as the legal personal representative(s) of the Deceased, I/we enclose herewith a certified copy of the *grant of probate/letter of administration. I/We acknowledge that the Company is at liberty to request for such other documents as deemed necessary by the Company to evidence such appointment. I/We acknowledge that the Company shall only act on the information and instructions set out herein upon satisfaction by the Company of my/our due appointment as the legal personal representative(s) of the Deceased and other matter in this paragraph 1(c).

2. I/We agree that the subscription for or acquisition of the said ~~SubscriptionScheme~~ Shares is subject to the terms of the grant of the Option, the Rules of the 2001 Scheme (as amended from time to time) and the Memorandum and Articles of Association of the Company.

3. *(a) I declare that I am subscribing for or acquiring the said ~~SubscriptionScheme~~ Shares for myself and not as a nominee for any other person.

OR

*(b) I declare that the nominee named in paragraph 1(a) or (b) above (as the case may be) is subscribing for or acquiring the said ~~SubscriptionScheme~~ Shares as my nominee.

OR

*(c) I/We declare that I/we are subscribing for or acquiring the said ~~SubscriptionScheme~~ Shares in my/our capacity as the legal personal representative(s) of the Deceased.

Please Print in Block Letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete accordingly.

** In the case of an exercise of Options by legal personal representative(s), please provide information relating to such representative(s).

*** As appearing in identification documentation.

