

LETTER TO SHAREHOLDERS DATED 13 JANUARY 2016

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

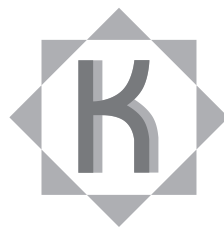
This Letter is circulated to shareholders of Keong Hong Holdings Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 September 2015 (“**Annual Report 2015**”). Its purpose is to provide shareholders of the Company with the relevant information relating to, the proposed renewal of the share buy-back mandate and to seek shareholders’ approval for the same at the Annual General Meeting of the Company to be held at Jurong Country Club, Ficus Room 1 & 2, Level 2, 9 Science Centre Road, Singapore 609078 on Thursday, 28 January 2016 at 11.00 a.m..

If you have sold or transferred all your shares of the Company represented by physical share certificate(s), you should immediately forward this Letter together with the Notice of Annual General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Letter has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Letter.

The Letter has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Letter, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Letter.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



KEONG HONG HOLDINGS LIMITED

(Company Registration No. 200807303W)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

In this Letter, the following definitions apply throughout unless otherwise stated:-

- “2016 AGM”** : The annual general meeting of the Company to be held on Thursday, 28 January 2016, 11.00 a.m. at Jurong Country Club, Ficus Room 1 & 2, Level 2, 9 Science Centre Road, Singapore 609078
- “ACRA”** : Accounting & Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “AGM”** : The annual general meeting of the Company
- “Annual Report 2015”** : The annual report of the Company for the financial year ended 30 September 2015
- “Articles”** : The Articles of Association of the Company, as amended from time to time
- “Associate”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: –
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have a interest of 30% or more
- “Board”** : The board of Directors of the Company for the time being
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended or modified from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Company”** : Keong Hong Holdings Limited
- “Controlling Shareholder”** : A person who:–
- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or
 - (b) in fact exercises control over the Company

“Director(s)”	:	Director(s) of the Company for the time being
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended/ending 30 September, as the case may be
“Group”	:	The Company and its subsidiaries, collectively
“Latest Practicable Date” or “LPD”	:	28 December 2015, being the latest practicable date prior to the printing of this Letter
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Memorandum and Articles”	:	The Memorandum and Articles of Association of the Company, as amended from time to time
“NAV”	:	Net asset value
“Notice of 2016 AGM”	:	The notice of 2016 AGM dated 13 January 2016 as set out on pages 117 to 121 of the Annual Report 2015
“NTA”	:	Net tangible asset
“Relevant Period”	:	The period commencing from the date on which the resolution in relation to the renewal of Share Buy-Back Mandate is passed in 2016 AGM and expiring on the earliest of date the next AGM is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent mandated or the date the said mandate is revoked or varied by the Company in a general meeting
“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 Buy-Back Mandate”	:	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period in accordance with the terms set out in this Letter, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
“SIC”	:	The Securities Industry Council of Singapore
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.

- “Substantial Shareholder”** : A person who has an interest in one (1) or more voting Shares in the Company and the total votes attaching to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
- “Treasury Shares”** : Shares purchased or acquired by the Company pursuant to the Share Buy-Back Mandate and held by the Company in accordance with Section 76H of the Act
- “S\$” and “cents”** : Singapore dollars and cents, respectively
- “%”** : Per cent or percentage

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

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 of the 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. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Letter shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the Act or the Catalist Rules, or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning ascribed to it under the Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Letter between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded to the nearest two decimal places.

KEONG HONG HOLDINGS LIMITED

(Company Registration No. 200807303W)
(Incorporated in the Republic of Singapore)

Directors

Leo Ting Ping Ronald (Chairman and Chief Executive Officer)
Er Ang Hooa (Executive Director)
Lim Jun Xiong Steven (Lead Independent Director)
Chong Weng Hoe (Independent Director)
Wong Meng Yeng (Independent Director)
Leo Zhen Wei Lionel (Non-Executive and Non-Independent Director)

Registered Office

9 Sungei Kadut Street 2
Singapore 729230

13 January 2016

To: The Shareholders of Keong Hong Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

The purpose of this Letter is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the 2016 AGM to be held on 28 January 2016 for the proposed renewal of the Share Buy-Back Mandate.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Share Buy-Back Mandate was first approved by Shareholders at the extraordinary general meeting of the Company held on 31 January 2013.

The Share Buy-Back Mandate was renewed by Shareholders on 29 January 2015 at the 2015 AGM of the Company held on 29 January 2015 and will expire on the 2016 AGM. Accordingly the Company is proposing to seek the renewal of the Share Buy-Back Mandate via an ordinary resolution at the 2016 AGM.

If approved by Shareholders at the 2016 AGM, the authority conferred by the Share Buy-Back Mandate will take effect from the date of the 2016 AGM at which the proposed renewal of the Share Buy-Back Mandate will be approved ("**Approval Date**") and continue to be in force for the duration of the Relevant Period, which is until the earlier of the date on which the next AGM is held or is required by law to be held, (whereupon it will lapse, unless renewed at such meeting) or when share buy-backs pursuant to a Share Buy-Back Mandate are carried out to the full extent mandated or the date the said mandate is varied or revoked by the Company in general meeting.

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Company the flexibility to purchase or acquire its Shares if and when circumstances permit. The Directors believe that share buy-backs would allow the Company and its Directors to better manage the Company's share capital structure, dividend payout and cash reserves. In addition, it also provides the Directors a mechanism to facilitate the return of surplus cash over and above the Group's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhancing the EPS and/or NAV per Share. Share buy-backs also help the Company to mitigate short-term market volatility, offset the effects of short term speculation and bolster Shareholders' confidence.

Pursuant to the Companies Act, the Share Buy-Back Mandate also enables the Company to hold Shares purchased pursuant to the Share Buy-Back Mandate as Treasury Shares to be utilised *inter alia*, for the purpose of the issuance of Shares pursuant to the exercise of options granted under the Keong Hong Employee Share Option Scheme.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not result in any material adverse effect on the financial position of the Company or the Group and when the Directors believe that such purchases or acquisitions would benefit and are in the best interest of the Company and its Shareholders.

If and when circumstances permit, the Directors will decide whether to effect the Shares purchases via on-market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:–

2.3.1 Maximum number of Shares

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

The total number of Shares that may be purchased or acquired by the Company during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company as at the Approval Date, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be. For purposes of calculating the percentage of Shares referred to above, any of the Shares which are held as Treasury Shares will be disregarded.

For illustrative purposes only, based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 226,100,000 Shares (after bonus shares issued, excluding 13,900,000 Shares held as Treasury Shares), and assuming no further Shares are issued on or prior to the 2016 AGM, no more than 22,610,000 Shares representing ten per cent. (10%) of the total number of issued Shares as at that date of the 2016 AGM may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earliest of:–

- (a) the conclusion of the next AGM or the date by which such AGM is required by law to be held; or
- (b) the date on which the share buy-backs are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Shareholders in general meeting.

2.3.3 Manner of purchase of Shares

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

- (a) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Pursuant to the Companies Act, an Off-Market Purchase must satisfy all of the following conditions:–

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:–

- (aa) the terms and conditions of the offer;
- (bb) the period and procedures for acceptances;
- (cc) the reasons for the proposed share buy-back;
- (dd) the consequences, if any, of share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (ee) whether the share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (ff) details of any share buy-back made by the Company in the previous twelve (12) months (whether by way of Off-Market Purchases in accordance with an equal access scheme or Market Purchases), setting out 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 and
- (gg) whether the shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares, excluding related expenses of the purchase or acquisition, must not exceed the Maximum Price (as defined hereinafter) which is:–

- (a) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, ten per cent. (10%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price (as defined hereinafter) calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period,

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

2.4 **Status of Purchased Shares**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares. All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company and as the Directors deem fit in the best interest of the Company at that time.

2.5 **Treasury Shares**

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

2.5.1 Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares of the Company. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

2.5.2 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 of the Company's assets may be made to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of the Treasury Shares is allowed. Also a subdivision or consolidation of any Treasury Shares 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.

2.5.3 Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time:–

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of, or pursuant to an employees' share scheme of the Company;
- (c) transfer the Treasury Shares as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;
- (d) cancel the Treasury Shares; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, 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 the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 **Reporting Requirements**

Within thirty (30) days of the passing of a Shareholders' resolution to approve any purchase or acquisition of Shares by the Company, the Directors shall lodge a copy of such resolution with ACRA.

The Directors shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

The Catalist Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m.:–

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchase or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

2.7 Source of Funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Articles and the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. As stated in the Companies Act, share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if at the date of the payment (a) there is no ground on which the company could be found to be unable to pay its debts; (b) if (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and (c) 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 internal sources of funds to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that it would result in any material adverse effect on the working capital requirements and/or the gearing of the Group.

2.8 Financial Effects

Under the Companies Act, the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

For illustrative purposes only, as at the Latest Practicable Date, the issued and paid-up ordinary share capital of the Company comprises 226,100,000 Shares (after the bonus shares issued, excluding 13,900,000 Shares held as Treasury Shares). The exercise in full of the Share Buy-Back Mandate would result in the purchase of 22,610,000 Shares.

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-Back Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

For illustrative purposes only, the financial effects of the Share Buy-Back Mandate on the Company and the Group, based on the audited financial statements of the Company and the Group for the FY2015 are based on the following assumptions:–

- (a) based on 226,100,000 Shares in issue (after the bonus shares issued excluding 13,900,000 Shares held as Treasury Shares) as at the Latest Practicable Date and assuming no further Shares are issued, purchased and kept as Treasury Shares on or prior to the 2016 AGM, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares will result in the purchase or acquisition of 22,610,000 Shares;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 22,610,000 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.52 for one Share which is five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$11.76 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 22,610,000 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.54 which is ten per cent. (10%) above the average closing market prices of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$12.21 million.

For illustrative purposes only and on the basis of the assumptions set out in (a), (b) and (c) above, the financial effects of the:–

- (i) purchase or acquisition of 22,610,000 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Market Purchases made entirely out of profit and/or capital and cancelled or held in treasury; and
- (ii) purchase or acquisition of 22,610,000 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of profits and/or capital and cancelled or held in treasury,

on the audited financial statements of the Company and the Group for the FY2015 are set out below:–

Scenario 1A: Purchases made entirely out of capital and cancelled

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 30 September 2015						
Share Capital	23,836	12,079	11,627	23,836	12,079	11,627
Other Reserves	(3,703)	(3,703)	(3,703)	879	879	879
Retained Profits/ (Accumulated Losses)	96,583	96,583	96,583	9,433	9,433	9,433
Foreign Currency Translation Reserves	479	479	479	–	–	–
Treasury shares	(5,728)	(5,728)	(5,728)	(5,728)	(5,728)	(5,728)
Shareholders' Equity	111,467	99,710	99,258	28,420	16,663	16,211
NTA	111,240	99,483	99,031	28,420	16,663	16,211
Current Assets	274,545	262,788	262,336	55,608	43,851	43,399
Current Liabilities	172,086	172,086	172,086	11,280	11,280	11,280
Working Capital	102,459	90,702	90,250	44,328	32,571	32,119
Total Borrowings	66,501	66,501	66,501	49,355	49,355	49,355
Cash and Cash Equivalents	100,569	88,812	88,360	46,218	34,461	34,009
Total Number of Issued Shares ('000)	226,100	203,490	203,490	226,100	203,490	203,490
Weighted Average Number of Shares ('000)	230,193	207,583	207,583	230,193	207,583	207,583
Net Profit attributable to shareholders	38,093	38,093	38,093	10,153	10,153	10,153
Net Profit for the Year	38,819	38,819	38,819	10,153	10,153	10,153
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	49.2	48.9	48.7	12.6	8.2	8.0
Gearing (times)	0.60	0.67	0.67	1.7	3.0	3.0
Current Ratio (times)	1.6	1.5	1.5	4.9	3.9	3.8
EPS ⁽²⁾ (cents)	16.5	18.4	18.4	4.4	4.9	4.9

n.m. denotes not meaningful

Notes:

(1) NTA per Share equals to NTA (excludes minority interests) divided by the number of Shares outstanding as at LPD.

(2) EPS is calculated based on profit attributable to Shareholders divided by the weighted average number of issued Shares.

Scenario 1B: Purchases made entirely out of profit and cancelled

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 30 September 2015						
Share Capital	23,836	23,836	23,836	23,836	23,836	23,836
Other Reserves	(3,703)	(3,703)	(3,703)	879	879	879
Retained Profits/ (Accumulated Losses)	96,583	84,826	84,374	9,433	(2,324)	(2,776)
Foreign Currency Translation Reserves	479	479	479	–	–	–
Treasury Shares	(5,728)	(5,728)	(5,728)	(5,728)	(5,728)	(5,728)
Shareholders' Equity	111,467	99,710	99,258	28,420	16,663	16,211
NTA	111,240	99,483	99,031	28,420	16,663	16,211
Current Assets	274,545	262,788	262,336	55,608	43,851	43,399
Current Liabilities	172,086	172,086	172,086	11,280	11,280	11,280
Working Capital	102,459	90,702	90,250	44,328	32,571	32,119
Total Borrowings	66,501	66,501	66,501	49,355	49,355	49,355
Cash and Cash Equivalents	100,569	88,812	88,360	46,218	34,461	34,009
Total Number of Issued Shares ('000)	226,100	203,490	203,490	226,100	203,490	203,490
Weighted Average Number of Shares ('000)	230,193	207,583	207,583	230,193	207,583	207,583
Net Profit attributable to shareholders	38,093	38,093	38,093	10,153	10,153	10,153
Net Profit for the Year	38,819	38,819	38,819	10,153	10,153	10,153
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	49.2	48.9	48.7	12.6	8.2	8.0
Gearing (times)	0.60	0.67	0.67	1.7	3.0	3.0
Current Ratio (times)	1.6	1.5	1.5	4.9	3.9	3.8
EPS ⁽²⁾ (cents)	16.5	18.4	18.4	4.4	4.9	4.9

n.m. denotes not meaningful

Notes:

(1) NTA per Share equals to NTA (excludes minority interests) divided by the number of Shares outstanding as at LPD.

(2) EPS is calculated based on profit attributable to Shareholders divided by the weighted average number of issued Shares.

Scenario 2A: Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 30 September 2015						
Share Capital	23,836	23,836	23,836	23,836	23,836	23,836
Other Reserves	(3,703)	(3,703)	(3,703)	879	879	879
Retained Profits/ (Accumulated Losses)	96,583	96,583	96,583	9,433	9,433	9,433
Foreign Currency Translation Reserves	479	479	479	–	–	–
Treasury Shares	(5,728)	(17,485)	(17,937)	(5,728)	(17,485)	(17,937)
Shareholders' Equity	111,467	99,710	99,258	28,420	16,663	16,211
NTA	111,240	99,483	99,031	28,420	16,663	16,211
Current Assets	274,545	262,788	262,336	55,608	43,851	43,399
Current Liabilities	172,086	172,086	172,086	11,280	11,280	11,280
Working Capital	102,459	90,702	90,250	44,328	32,571	32,119
Total Borrowings	66,501	66,501	66,501	49,355	49,355	49,355
Cash and Cash Equivalents	100,569	88,812	88,360	46,218	34,461	34,009
Total Number of Issued Shares ('000)	226,100	203,490	203,490	226,100	203,490	203,490
Weighted Average Number of Shares ('000)	230,193	207,583	207,583	230,193	207,583	207,583
Net Profit attributable to shareholders	38,093	38,093	38,093	10,153	10,153	10,153
Net Profit for the Year	38,819	38,819	38,819	10,153	10,153	10,153
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	49.2	48.9	48.7	12.6	8.2	8.0
Gearing (times)	0.60	0.67	0.67	1.7	3.0	3.0
Current Ratio (times)	1.6	1.5	1.5	4.9	3.9	3.8
EPS ⁽²⁾ (cents)	16.5	20.6	20.6	4.4	5.5	5.5

n.m. denotes not meaningful

Notes:

- (1) NTA per Share equals to NTA (excludes minority interests) divided by the number of Shares outstanding as at LPD.
- (2) EPS is calculated based on profit attributable to Shareholders divided by the weighted average number of issued Shares. For EPS computation, Treasury Shares are excluded from the weighted average number of Shares in issue.

Scenario 2B: Purchases made entirely out of profits and held as Treasury Shares

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 30 September 2015						
Share Capital	23,836	23,836	23,836	23,836	23,836	23,836
Other Reserves	(3,703)	(3,703)	(3,703)	879	879	879
Retained Profits/ (Accumulated Losses)	96,583	96,583	96,583	9,433	9,433	9,433
Foreign Currency Translation Reserves	479	479	479	–	–	–
Treasury Shares	(5,728)	(17,485)	(17,937)	(5,728)	(17,485)	(17,937)
Shareholders' Equity	111,467	99,710	99,258	28,420	16,663	16,211
NTA	111,240	99,483	99,031	28,420	15,695	16,211
Current Assets	274,545	262,788	262,336	55,608	43,851	43,399
Current Liabilities	172,086	172,086	172,086	11,280	11,280	11,280
Working Capital	102,459	90,702	90,250	44,328	32,571	32,119
Total Borrowings	66,501	66,501	66,501	49,355	49,355	49,355
Cash and Cash Equivalents	100,569	88,812	88,360	46,218	34,461	34,009
Total Number of Issued Shares ('000)	226,100	203,490	203,490	226,100	203,490	203,490
Weighted Average Number of Shares ('000)	230,193	207,583	207,583	230,193	207,583	207,583
Net Profit attributable to shareholders	38,093	38,093	38,093	10,153	10,153	10,153
Net Profit for the Year	38,819	38,819	38,819	10,153	10,153	10,153
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	49.2	48.9	48.7	12.6	8.2	8.0
Gearing (times)	0.60	0.67	0.67	1.7	3.0	3.0
Current Ratio (times)	1.6	1.5	1.5	4.9	3.9	3.8
EPS ⁽²⁾ (cents)	16.5	20.6	20.6	4.4	5.5	5.5

n.m. denotes not meaningful

Notes:

- (1) NTA per Share equals to NTA (excludes minority interests) divided by the number of Shares outstanding as at LPD.
- (2) EPS is calculated based on profit attributable to Shareholders divided by the weighted average number of issued Shares. For EPS computation, Treasury Shares are excluded from the weighted average number of Shares in issue.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for the FY2015, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

2.9 Take-over Implications Arising from Share Buy-back

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code (“**Rule 14**”) requires, *inter alia*, that except with the consent of SIC, where:–

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

2.9.2 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 following persons will, *inter alia*, be presumed to be acting in concert with each other under the Take-over Code:–

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status; and
- (c) an individual with his close relatives, related trusts and person(s) who are accustomed to act in accordance with his instructions.

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 under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

2.9.3 Effect of Rule 14 and Appendix 2

Appendix 2 of the Take-over Code contains the share buy-back guidance note. In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, if, as a result of any purchase or acquisition by the Company of its Shares, the proportionate percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company under Rule 14.

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 thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent.(30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

2.9.4 Advice to Shareholders

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

2.9.5 Interests of Directors and Substantial Shareholders

Assuming (i) the Company purchases the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date; and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders, based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders of the Company maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the purchase of Shares were/will be as follows:-

Name of Director	Before Share Buy-Back			After Share Buy-Back based on Direct & Deemed Interests %(2)
	Direct Interest	Deemed Interest	%(1)	
Leo Ting Ping Ronald ⁽³⁾	53,423,250	68,423,250	53.89	59.88
Er Ang Hooa	300,000	–	0.13	0.15
Lim Jun Xiong Steven	–	–	–	–
Chong Weng Hoe	–	–	–	–
Wong Meng Yeng	–	–	–	–
Leo Zhen Wei Lionel	–	–	–	–
Name of Substantial Shareholder who is not a Director				
Teou Kem Eng @				
Teou Kim Eng	16,002,000	–	7.08	7.86

Notes:

- (1) The percentages in the table are calculated based on 226,100,000 Shares (excluding 13,900,000 Shares held as Treasury Shares as at LPD).
- (2) The percentages in the table are calculated based on 203,490,000 Shares after the share buy-back.
- (3) Leo Ting Ping Ronald is deemed to be interested in 60,923,250 Shares registered in the name of BNP Paribas Nominees Singapore Pte Ltd and 7,500,000 Shares registered in the name of DBS Nominees Pte Ltd.

Based on the information set out above and assuming that there is no change in shareholding interests of the Directors and Substantial Shareholders since the Latest Practicable Date, none of the Directors and Substantial Shareholders referred to above are expected to incur an obligation to make a general offer to other Shareholders under the Take-over Code, in the event that the Company undertakes share buy-backs of up to ten per cent (10%) of the issued Shares of the Company as permitted under the Share Buy-Back Mandate.

2.10 Listing Status of Shares on the SGX-ST

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent. (10%) of its Shares are in the hands of the public. The term “public”, as defined under the Catalist Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries; and (ii) the Associates of persons in (i).

As at the Latest Practicable Date, 83,771,000 issued Shares were held by the public, representing 37.05% of the total number of issued Shares. For illustrative purposes only, assuming that the Company purchases the maximum number of ten per cent (10%) of the issued Shares, being 22,610,000 Shares as at the Latest Practicable Date and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be 61,160,000 Shares, representing approximately 30.1% of the remaining issued Shares (excluding Treasury Shares) of the Company.

Before deciding to effect a purchase or acquisition of Shares, the Directors will consider whether, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

2.11 Shares Purchased by the Company

The Company has made the following purchases by way of on-market purchase over the past twelve (12) months.

Date	Total number of Shares purchased	Purchased price per Share	Total consideration paid
23 June 2015	1,430,000	S\$0.450	S\$644,980.37
24 June 2015	1,750,000	S\$0.455	S\$791,081.78
25 June 2015	1,320,000	S\$0.455	S\$601,981.67
6 July 2015	2,000,000	S\$0.460	S\$922,116.46
8 July 2015	500,000	S\$0.460	S\$230,529.12

The above Shares purchased were held as Treasury Shares by the Company as at date of this Letter.

2.12 Timing of Purchases

While the Catalist Rules do 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 Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares during the period commencing two (2) weeks before the announcement of the Company’s results for each of the first three quarters of the financial year and one (1) month immediately preceding the announcement of the Company’s full-year results, as the case may be, and ending on the date of announcement of the relevant results.

2.13 Tax Implications

The following is a general overview of the Singapore tax implications of share buy-backs by the Company.

Shareholders should note that the following general overview of the Singapore tax position is not to be regarded as advice on the tax position of any Shareholder, or on any tax implications arising from the Share Buy-Back Mandate. Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

(a) Company’s Treatment

Under Section 10J of the Singapore Income Tax Act (Cap 134), where a company tax resident in Singapore purchases or otherwise acquires shares issued by it from any shareholder of the company and such shares are deemed cancelled under Section 76B of the Companies Act by way of a Market Purchase or an Off-Market Purchase, to the extent that the payment for the share buy-backs is made out of the contributed capital of the company, such payment should not be regarded as a payment of dividend by the company to the shareholders, and an amount equal to the payment shall be debited to the contributed capital account kept by the company. However, to the extent that the payment for the share buy-backs is not made out of the contributed capital of the company, such payment should be deemed to be a dividend paid by the company on the date of the payment.

As the Company is a tax resident in Singapore for Singapore income tax purposes and is under the one-tier corporate tax regime, to the extent that the payment for the share buybacks is not made out of the contributed capital of the Company, the payment should be deemed as a dividend paid by the Company on the date of the payment and the dividend should be treated as a tax exempt (1-tier) dividend.

(b) Shareholder’s Treatment

From a shareholder’s perspective, the tax treatment of the receipt from a share buy-back would depend on whether the sale is by way of a Market Purchase or an Off-market Purchase. A sale by a shareholder of his shares through a normal ready market counter will be treated like any other sale made on the SGX-ST, and not as a dividend. Whether the proceeds from such a sale are taxable in the hands of the shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

Proceeds received in an Off-Market Purchase effected by way of an equal access scheme as defined in Section 76C of the Companies Act will be treated as a receipt of a dividend in the hands of the shareholder if the payment for the share buy-back is not made out of the contributed capital of the company. In the case where the consideration received pursuant to the share buy-back is treated as a tax exempt (1-tier) dividend in the hands of a shareholder, the dividend should be exempt from Singapore income tax in the hands of that shareholder (both resident and non-resident) in Singapore. Accordingly, no deduction of the cost of the shares sold will be allowed, but the cost base will be apportioned among the remaining shares.

3. ANNUAL GENERAL MEETING

The 2016 AGM, of which the Notice of 2016 AGM is set out on pages 117 to 121 of the Annual Report 2015, will be held at Jurong Country Club, Ficus Room 1 & 2, Level 2, 9 Science Centre Road, Singapore 609078 on 28 January 2016 at 11.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification the resolutions set out in the Notice of 2016 AGM.

4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf, should complete, sign and return the Proxy Form attached to the Notice of 2016 AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 9 Sungei Kadut Street 2, Singapore 729230, not later than forty-eight (48) hours before the time fixed for the 2016 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he so wishes in place of the proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least forty-eight (48) hours before the 2016 AGM in accordance to the provisions of the Company's Constitution.

5. DIRECTORS' RECOMMENDATION

Having fully considered, *inter alia*, the rationale set out in paragraph 2.2 of this Letter, the Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders to vote in favour of Ordinary Resolution 9 as stated in the Notice of 2016 AGM in respect of the proposed renewal of the Share Buy-Back Mandate to be proposed at the 2016 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and or reproduced in this Letter in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company at 9 Sungei Kadut Street 2, Singapore 729230 from the date of this Letter up to the date of the 2016 AGM:–

- (a) the Memorandum and Articles; and
- (b) the Annual Report 2015.

Yours faithfully

Leo Ting Ping Ronald
Chairman & Chief Executive Officer
For and on behalf of the Board of Directors of KEONG HONG HOLDINGS LIMITED

13 January 2016

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