

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)



UPDATE – THE PROPOSED DISTRIBUTION, PROPOSED BYE-LAW AMENDMENT, PROPOSED CAPITAL REDUCTION – SHARE PREMIUM AND PROPOSED CAPITAL REDUCTION – PAR VALUE

The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**”) refers to the announcements of 25 August 2017 (the “**Announcement**”) and 20 December 2017 relating to the abovementioned matter. Where capitalised terms are used in this announcement but are not otherwise defined herein, such terms shall bear the same meanings ascribed thereto in the Announcement.

In the Announcement, it was stated that the Company is required to effect the Proposed Bye-law Amendment and the Proposed Capital Reduction – Share Premium so that the Company may effect the Proposed Distribution.

It is noted that the Company had paid a final dividend of S\$0.01 per Share which was approved by Shareholders at the Company's annual general meeting held on 28 July 2017. As a result of this dividend payment, the total reserves of the Company available for distribution to Shareholders have become lower than the book value of the SH Shares proposed to be distributed pursuant to the Proposed Distribution, and are therefore not sufficient for the purposes of the Proposed Distribution.

Accordingly, in addition to utilising the credit arising from the Proposed Capital Reduction – Share Premium, the Company will also be required to utilise the credit arising from the Capital Reduction – Par Value for purposes of the Proposed Distribution. The Proposed Distribution will therefore be subject to the Company undertaking the Proposed Bye-law Amendment, the Proposed Capital Reduction – Share Premium and the Proposed Capital Reduction – Par Value.

Further information will be set out in the circular which will be despatched to Shareholders in due course (the “**Circular**”).

In the meantime, Shareholders are advised to refrain from taking any action in relation to their PH Shares which may be prejudicial to their interests until they or their advisers have considered the information in the Circular, as well as the recommendations to be set out in the Circular.

By Order of the Board

Wong Lam Ping
Executive Chairman

12 January 2018