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Independent assurance report

Board of Directors
Tat Hong Holdings Ltd

Tat Hong Holdings Ltd (the “Company”) and its subsidiaries (collectively the “Group”) had included the following statement in the announcement released by the Company on 4 May 2018 (“Profit Guidance”):

“Based on the preliminary review of its consolidated results for 4QFY2018 and FY2018, the Group is expected to report a loss for 4QFY2018 and FY2018 primarily due to weak revenues arising from the Group’s operations in the ASEAN region and unrealised foreign exchange losses.”

We were engaged by the Board of Directors of the Company as required by Rule 25 of the Singapore Code on Take-overs and Mergers (the “Code”) to report on the Profit Guidance about whether the Company has prepared the Profit Guidance in accordance with management’s bases and assumptions (“bases and assumptions”) and a basis of accounting consistent with the accounting policies of the Group (the “accounting policies”).

Management’s responsibilities

Management is responsible for the preparation of the Profit Guidance in accordance with the bases and assumptions as determined by them and the use of a basis of accounting that is consistent with the accounting policies. In preparing the Profit Guidance, management is responsible for ensuring the accuracy and appropriateness of unaudited financial information used in the preparation of the Profit Guidance and the appropriateness of the bases, assumptions and accounting policies used in the preparation and presentation of the Profit Guidance.

Auditors’ independence and quality control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Auditors' responsibility

Our responsibility is to examine the Profit Guidance and to report thereon in the form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Company has prepared the Profit Guidance in accordance with the bases and assumptions as determined by management and a basis of accounting consistent with the accounting policies, in all material respects, as the basis for our assurance conclusion.

Our work includes carrying out inquiries with officers primarily responsible for financial reporting and accounting matters. Our work also includes tracing the amounts on the schedule prepared by the officers primarily responsible for financial reporting and accounting matters of the Group to the underlying accounting records. In this connection, we have also considered the system of internal control in relation to the preparation of the Profit Guidance and reliance has been placed on such internal controls, where appropriate.

We have not performed any procedures regarding the bases and assumptions and accordingly do not report on the reasonableness of the bases and assumptions or on the possibility of achievement of the Profit Guidance.

Actual results are likely to be different from the Profit Guidance since anticipated events frequently do not occur as expected and the variation may be material. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our work as described in this report and evidence obtained, nothing has come to our attention that causes us to believe that, the Profit Guidance is not prepared, in all material respects, in accordance with the bases and assumptions and that the basis of accounting is not consistent with the accounting policies.



Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Profit Guidance for the purpose of assisting the Company to comply with Rule 25 of the Code and for no other purpose. Our report is included in the Company's announcement dated 4 May 2018 in relation to the Profit Guidance. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions in this report.

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

4 May 2018