



YONGNAM HOLDINGS LIMITED

(the "Company")

(Company Registration No. 199407612N)

(Incorporated in the Republic of Singapore on 19 October 1994)

RESPONSE TO THE SGX'S QUERY REGARDING FY2017 FULL YEAR RESULTS ANNOUNCEMENT

The Board of Directors of Yongnam Holdings Limited (the "Company") and its subsidiaries (the "Group") wishes to announce the following responses to queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in its email dated 5 April 2018 on FY2017 Full Year Results Announcement released to SGX-ST on 1 March 2018.

SGX's Query 1:-

On page 8 of the Full Year FY2017 results, the Company disclosed that Seow Zi Xian, the son of the CEO has been the Project Manager since 2017. Please advise if the announcement required under Listing Rule 704 (9) has been made. If so, please disclose the announcement date. If not, please explain why and disclose accordingly.

Company's Response 1:-

Rule 704 (9) of the Listing Rules of SGX-ST requires announcement of any appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the issuer to a managerial position in the issuer or any of its principal subsidiary. Managerial position is defined as position equivalent to, or more senior than, the head of a department or division (whether organized by function, product or territory) in the Listing Manual of SGX-ST.

Seow Zi Xian, ("Zi Xian") is responsible for overseeing the development and other related matters of one project among more than 30 projects recorded in the Group's Order Book. He does not hold a managerial position as defined in the Listing Manual and as such, no announcement on his appointment under Rule 704 (9) of the Listing Rules was disclosed.

In view of the above, Zi Xian does not fall into "managerial position" as defined in the Listing Manual of SGX-ST. The disclosure of his position and relationship as the son of the Chief Executive Officer and Director in the FY2017 full-year result announcement by the Company was merely on a voluntary basis for greater transparency purpose.

Nevertheless, the Company will remove such disclosure from the future result announcement to avoid confusion to the user/reader of the announcement.

SGX's Query 2:-

The Company also disclosed that "Payment of operating expenses" amounted to \$1.872 million. Please provide a breakdown of the "Payment of operating expenses".

Company's Response 2:-

The "Payment of operating expenses" as disclosed in Section "Use of Share Placement Proceeds" amounted to \$1.872 million was solely made for the staff expenses.

By Order of the Board

SEOW SOON YONG

Chief Executive Officer

6 April 2018