



YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

RESPONSE TO SGX QUERIES ON ANNUAL REPORT 2011

The Board of Directors (the “**Board**”) of Yongnam Holdings Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in its email of 27 April 2012 relating to the Company’s Annual Report for the financial year ended 31 December 2011 (“**Annual Report 2011**”). The Company wishes to provide additional information as follows:

SGX-ST’s Query (i):

For the purpose of complying with Listing Rule 1207(10), please note that the Board and the Audit Committee must opine whether the internal controls are adequate to address all 3 areas of risks (i.e. financial, operational and compliance risks). “In its current business environment”, “business operations” without mention of all the 3 risks areas are not acceptable. Hence, please provide a clean opinion that is in compliance with Listing Rule 1207(10).

Company’s response:

Based on the works performed by the internal and external auditors, the assurance from Management and the on-going review as well as the continuing efforts at enhancing controls and processes put in place, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Group established by the Management throughout the financial year and up to and as of the date of the annual report, key areas of which are subject to ongoing independent reviews by the various parties such as internal and statutory auditors, are adequate in addressing the financial, operational and compliance risks of the Company.

SGX-ST’s Query (ii):

We note that the annual report did not specifically state whether officers deal in company’s securities on short-term basis. Please provide the necessary disclosure required under Rule 1207(19)(b).

Company’s response:

The Board wishes to reaffirm that the officers do not deal in the Company’s securities on short-term considerations pursuant to the SGX-ST’s best practices on dealings in securities.

By Order of the Board

Seow Soon Yong
Chief Executive Officer
30 April 2012