

CIRCULAR DATED 12 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your shares in the capital of HLH Group Limited (the “Company”), you should forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



HLH GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199905292D)

CIRCULAR TO SHAREHOLDERS

in relation to the:

- 1. PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO DELOITTE & TOUCHE LLP;**
- 2. PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE;**
- 3. PROPOSED ADOPTION OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017;**
- 4. PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE HLH EMPLOYEE SHARE OPTION SCHEME 2017;**
- 5. PROPOSED ADOPTION OF THE HLH PERFORMANCE SHARE PLAN 2017;**
- 6. PROPOSED PARTICIPATION BY AND GRANT OF AWARD TO DATO' DR. ONG BEE HUAT, A CONTROLLING SHAREHOLDER, UNDER THE HLH PERFORMANCE SHARE PLAN 2017;**
- 7. PROPOSED ISSUE OF 5.0% EQUITY LINKED CONVERTIBLE BONDS DUE 2020 WITH AN AGGREGATE PRINCIPAL AMOUNT OF S\$20,000,000 (THE “BONDS”) CONVERTIBLE INTO FULLY PAID-UP NEW ORDINARY SHARES OF THE COMPANY; AND**
- 8. PROPOSED ALLOTMENT AND ISSUE OF NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO THE SUBSCRIBER OF THE BONDS UPON THE CONVERSION OF THE BONDS.**

*Independent Financial Adviser
in relation to the Proposed Issue of Bonds as an Interested Person Transaction*

PricewaterhouseCoopers Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company Registration No. 197501605H)

Last date and time for lodgment of Proxy Form : 26 April 2017 at 11 a.m.
Date and time of Extraordinary General Meeting : 28 April 2017 at 11 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place).
Place of Extraordinary General Meeting : D'Kranji Farm Resort
10 Neo Tiew Lane 2
Singapore 718813

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual general meeting of the Company
“Approval Date”	:	Has the meaning given in Paragraph 3.3(a)
“Audit Committee”	:	The audit committee of the Company comprising Dr. Wang Kai Yuen, Dr. Chen Seow Phun John and Dr. Lee Kuo Chuen
“Award”	:	A contingent award of Shares granted under the HLH Performance Share Plan 2017
“Board”	:	The board of directors of the Company for the time being
“Bonds”	:	The 5.0% equity linked convertible bonds due 2020 with an aggregate principal amount of S\$20,000,000, convertible into fully paid-up new ordinary shares of the Company, proposed to be issued to Subscriber 1 and Subscriber 2 in the proportions set out in Paragraph 8.2, pursuant to the terms of the respective Subscription Agreements and the Conditions
“Bondholders”	:	Persons in whose names the Bonds are registered on the Company’s register of Bondholders
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief executive officer
“Closing Date”	:	The date on which the Bonds are subscribed for and issued pursuant to Clause 2 of the respective Subscription Agreements
“Circular”	:	This circular to Shareholders dated 12 April 2017
“Committee”	:	The remuneration committee of the Company which will be responsible for the administration of the HLH Employee Share Option Scheme 2017 and the HLH Performance Share Plan 2017
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Company”	:	HLH Group Limited

DEFINITIONS

“Conditions”	:	The terms and conditions of the Bonds set out in Schedule 2 of the Subscription Agreements as may from time to time be modified in accordance with the provisions set out herein and therein, and “Condition” followed by a number refers to the relative numbered paragraph of the Conditions
“Constitution”	:	The Constitution of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company
“Convertible Bond Liability”	:	Has the meaning given in Paragraph 8.9
“Conversion Date”	:	The date on which the faxed Conversion Notice is received by the Company (as evidenced by the transmission report of the Bondholder’s facsimile machine) (or the next Business Day if the Conversion Notice is received by the Company after 5.30 pm Singapore time)
“Conversion Notice”	:	A notice of the exercise of Conversion Rights by a Bondholder in the form as set out in Schedule 3 (Part B) to the Subscription Agreements
“Conversion Price”	:	The price at which each Share will be issued upon conversion of the Bonds pursuant to each of the respective Subscription Agreements
“Conversion Rights”	:	The right of a Bondholder to convert the Bonds under the Subscription Agreements
“Conversion Shares”	:	The Shares to be issued by the Company to the Subscribers upon the conversion of the Bonds in accordance with the provisions in the Subscription Agreements and the Conditions
“Deloitte”	:	Deloitte & Touche LLP
“Directors”	:	The directors of the Company for the time being
“EGM”	:	Extraordinary general meeting of the Company
“EPS”	:	Earnings per share
“EY”	:	Ernst & Young LLP
“Executive Directors”	:	Dato’ Dr. Ong Bee Huat and Mr Ong Jia Ming

DEFINITIONS

“FRS”	:	Financial Reporting Standards issued by the Accounting Standards Council
“Group”	:	The Company and its subsidiaries
“Grantee”	:	The person to whom an offer to grant an Option is made
“IFA”	:	PricewaterhouseCoopers Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors in relation to the Proposed Issue of the Bonds as an Interested Person Transaction
“IFA Letter”	:	The letter dated 12 April 2017 by the IFA to the Independent Directors in relation to the Proposed Issue of the Bonds as an Interested Person Transaction as set out in Appendix D to this Circular
“Interested Person Transaction”	:	An interested person transaction as defined under Chapter 9 of the Listing Manual and namely the transactions as set out in Section 8 of this Circular.
“Issue Price”	:	The amount equivalent to 100% of the principal amount of the Bonds under each of the Subscription Agreements, being S\$16,000,000 and S\$4,000,000 respectively.
“Latest Practicable Date”	:	10 April 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST as may be amended, supplemented or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	With respect to the exercise price of the Options, means a price equal to the average of the last dealt prices for the Shares determined by reference to the daily Official List published by SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant of an Option provided always that in the case of a Market Day on which Shares were not traded on SGX-ST, the last dealt price for the Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices.
“Market Purchases”	:	Has the meaning given in Paragraph 3.3(c)
“Maturity Date”	:	The date falling 36 months from the date of the issue of the Bonds.

DEFINITIONS

“Maximum Price”	:	Has the meaning given in Paragraph 3.3(d)
“Notice of EGM”	:	The notice of the EGM to be held on 28 April 2017 which is set out on pages N1 to N7 of this Circular
“Non-Executive Directors”	:	Dr Wong Wen-Young Winston, Dr Wong Jr. Winston (as Alternate Director to Dr Wong Wen-Young Winston) and Mr Joe Hsiang, Lin
“Non-Executive Independent Directors”	:	Dr Wang Kai Yuen, Dr Chen Seow Phun John and Dr Lee Kuo Chuen
“NTA”	:	Net tangible assets
“Off-Market Purchases”	:	Has the meaning given in Paragraph 3.3(c)
“Option”	:	The right to subscribe for Shares granted or to be granted to a Grantee pursuant to the Scheme and for the time being subsisting
“Participant”	:	A person who is eligible to participate in the HLH Employee Share Option Scheme 2017 and/or the HLH Performance Share Plan 2017 in accordance with the respective rules thereof
“Plan”	:	The proposed HLH Performance Share Plan 2017 to be adopted by the Company at the forthcoming EGM of the Company
“Proposed Change of Auditors”	:	The proposed change of auditors of the Company from EY to Deloitte
“Proposed Issue”	:	The proposed issue of the Bonds by the Company
“Register of Members”	:	The register of members of the Company
“Scheme”	:	The proposed HLH Employee Share Option Scheme 2017 to be adopted by the Company at the forthcoming EGM of the Company
“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

DEFINITIONS

“Share Purchase Mandate”	:	The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate
“Share Registrar”	:	The share registrar of the Company, being B.A.C.S. Private Limited
“Shareholders”	:	Registered holders of 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 and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Subscribers”	:	Subscriber 1 and Subscriber 2, and “Subscriber” shall mean either one of them as the context requires
“Subscriber 1”	:	Bridge Roots Capital, a company incorporated in Taiwan and having its registered office at 7F-2, No. 139, Song Jiang Rd., Zhongshan District, Taipei City 10485, Taiwan
“Subscriber 2”	:	Dato’ Dr. Ong Bee Huat, the deputy chairman, executive director, CEO, and a Controlling Shareholder of the Company
“Subscription Agreements”	:	The subscription agreement dated 18 January 2017 entered into between the Company and Subscriber 1, and the subscription agreement dated 18 January 2017 entered into between the Company and Subscriber 2, for the subscription of the Bonds
“Take-over Code”	:	The Singapore Code on Take-Overs And Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
“S\$”	:	Singapore Dollars
“%” or “per cent.”	:	Per centum or percentage

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

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall where applicable, have the same meaning assigned to it under the Act, the Listing Manual or any relevant laws of the Republic of Singapore or any modification thereof as the case may be, unless the context otherwise requires.

References to persons shall include corporations.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

HLH GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 19905292D)

Directors of the Company

Dr. Wang Kai Yuen
(Chairman and Non-Executive Independent Director)
Dato' Dr. Ong Bee Huat
(Executive Deputy Chairman and Chief Executive Officer)
Dr. Wong Wen-Young Winston
(Vice Chairman and Non-Executive Director)
Dr. Chen Seow Phun John
(Non-Executive Independent Director)
Dr. Lee Kuo Chuen
(Non-Executive Independent Director)
Mr Ong Jia Ming
(Executive Director)
Mr Joe Hsiang, Lin
(Non-Executive Director)
Dr. Wong Jr. Winston
(Alternate Director to Dr. Wong Wen-Young Winston)

Registered Office of the Company

10 Neo Tiew Lane 2
#01-05
Singapore 718813

12 April 2017

To: The Shareholders of HLH Group Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening the EGM to be held on 28 April 2017 to seek Shareholders' approval for the following proposals:

- (a) the Proposed Change of Auditors;
- (b) the proposed adoption of the Share Purchase Mandate;
- (c) the proposed adoption of the HLH Employee Share Option Scheme 2017 (the "**Scheme**");
- (d) the proposed grant of authority to offer and grant Options at a discount under the Scheme;
- (e) the proposed adoption of the HLH Performance Share Plan 2017 (the "**Plan**");
- (f) the proposed grant of Award to Dato' Dr. Ong Bee Huat under the Plan;
- (g) the Proposed Issue of 5.0% equity linked convertible bonds due 2020 with an aggregate principal amount of S\$20,000,000 (the "**Bonds**") to the Subscribers; and
- (h) the proposed allotment and issue of the Conversion Shares to the Subscribers upon the conversion of the Bonds.

LETTER TO SHAREHOLDERS

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the proposals to be tabled at the EGM, and to seek Shareholders' approval for such proposals at the EGM.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale for the Change of Auditors

The Company's existing auditors, EY, have been auditors of the Group since the financial year ended 31 December 2006. At the last AGM held on 25 April 2016, the Shareholders approved the re-appointment of EY as the auditors of the Company to hold office until the conclusion of the next AGM.

As part of ongoing good corporate governance, the Directors are of the view that a change of auditors would enable the Company to benefit from fresh perspectives and views of another professional audit firm and also enhance the value of the audit. A renewal of this nature is also indicative of the Company's efforts to ensure that there would be no actual or perceived issues of independence of auditors for good corporate governance.

The Audit Committee has invited and evaluated competitive proposals from various audit firms and has determined, in accordance to Rule 712(1) of the Listing Manual having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the particular audit, that the proposal given by Deloitte is best suited to the existing needs and requirements of the Group.

The Board has taken into account the Audit Committee's recommendation, including the factors considered in their evaluation, and are satisfied that Deloitte will be able to meet the audit requirements of the Company. The scope of audit services to be provided by Deloitte will be comparable to the services currently provided by EY. The fee proposal from Deloitte is competitive and the Company will be able to realise certain cost savings in audit fees without any reduction in the scope of audit. As such, the Directors propose that Deloitte be appointed as the auditors of the Company for the financial year ending 31 December 2017.

EY have, in their letter dated 4 April 2017, given notice to the Directors of their resignation as auditors of the Company.

Deloitte have, on 5 April 2017, given their written consent to act as auditors of the Company. The Proposed Change of Auditors is subject to approval of the Shareholders at the forthcoming EGM and the consent from ACRA for EY's resignation as auditors of the Company. A copy of EY's notice of resignation is attached in the Company's announcement on 10 April 2017.

LETTER TO SHAREHOLDERS

2.2 Information on Deloitte and the Audit Engagement Partner

About Deloitte

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to its clients, delivering the insights they need to address their most complex business challenges. Deloitte has over 245,000 professionals who are committed to make an impact that matters.

Deloitte Singapore

This year, in 2017, Deloitte Singapore is celebrating its golden jubilee. Its Singapore practice has grown rapidly over the years to its current size of over 2,400 staff and over 120 partners.

Deloitte Singapore enjoys the status of being one of Deloitte's centres of excellence in Asia for various service lines including International Financial Reporting Standards (IFRS) compliance, tax compliance and data analytics. This designation as a centre of excellence is in recognition of the depth of experience and quality of resources of its Singapore office that now joins the ranks of an exclusive list of such centres located in some of the world's largest capital markets.

Deloitte Southeast Asia

Deloitte has a unique structure amongst the Big 4 in Southeast Asia – it is the only firm that operates As One across the region. This 'One firm' model, including one central P&L and one Leadership team, means that it ensure that the best resources are assigned to each project wherever they are based in the region.

In Southeast Asia, Deloitte has over 7,700 professionals across SEA in 25 offices in 11 countries, namely Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Its practitioners cooperate through its cross-border specialist industry team within Southeast Asia as well as with other Deloitte member firms to provide seamless service. Deloitte SEA has centralised learning, systems and evaluation processes as one Audit practice in the region.

Profile of Audit Engagement Partner, Michael Tsia

Michael has more than 20 years of public accounting experience in serving local/multinational/listed companies in Singapore.

Michael has advised companies in their initial public offerings on the Singapore Exchange, in international bonds and senior notes offerings, including S144A and Regulation S offerings, in mergers and acquisitions and review of the shareholders' circulars, conducting seminars on changes and updates on financial reporting standards and fraud investigations.

Michael is the audit partner in charge of the Consumer Business audit function for Deloitte Singapore.

LETTER TO SHAREHOLDERS

2.3 Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) EY have confirmed to Deloitte, by way of their letter dated 4 April 2017, that it is not aware of any professional reasons why Deloitte should not accept appointment as auditors of the Company;
- (b) the Company confirms that there were no disagreements with EY on accounting treatments within the last twelve (12) months;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed in Paragraph 2.1 above; and
- (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Deloitte.

2.4 Compliance with Rule 715 of the Listing Manual

Apart from being appointed as auditors of the Company, Deloitte is also being appointed as auditors of the Company's Singapore-incorporated subsidiaries, namely Hong Lai Huat International Pte. Ltd., HLH Agri International Pte. Ltd., HLH Development Pte. Ltd., HLH Agri R&D Pte. Ltd. and HLH Global Trading Pte. Ltd.. Independent member firms of Deloitte will also be appointed to conduct an audit of the Company's subsidiaries incorporated overseas for the purposes of the consolidation of the financial statements of the Group.

2.5 Audit Committee's Recommendation

The Audit Committee has reviewed and deliberated on the rationale for and terms of the Proposed Change of Auditors and after taking into consideration the suitability of Deloitte and the named engagement partner, has recommended the Proposed Change of Auditors to the Board for approval.

3. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

3.1 Introduction

The Board is proposing to seek Shareholders' approval at the forthcoming EGM for the proposed adoption of the Share Purchase Mandate.

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Company's Constitution, the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

LETTER TO SHAREHOLDERS

It is a requirement under the Listing Manual and the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the EGM for the Share Purchase Mandate.

If approved by the Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will take effect from the date of the EGM and continue to be in force until the date on which the next AGM is held or required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate have been carried out to the full extent mandated, or the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.

3.2 Rationale for the Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.
- (b) The Share Purchase Mandate will give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued.
- (c) The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the EPS and/or NTA per Share.
- (d) Share purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.
- (e) The Share Purchase Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may have a less dilutive effect than if new Shares were issued for this purpose.
- (f) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The Company will only purchase or acquire Shares pursuant to the Share Purchase Mandate if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

LETTER TO SHAREHOLDERS

3.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if approved at the EGM, are summarized below:

(a) **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 which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares as at the date on which the resolution authorising the Share Purchase Mandate is passed (the “**Approval Date**”). Any Shares which are held as treasury shares shall be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, based on 6,658,068,582 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the Approval Date, the purchase or acquisition by the Company pursuant to the Share Purchase Mandate of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 665,806,858 Shares.

(b) **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (i) the date on which the next AGM is held or is required by law to be held, whichever is the earlier;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent authorized under the Share Purchase Mandate; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

provided that no such purchase or acquisition shall be made during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three (3) quarters of the Company’s financial year and one (1) month before the announcement of the Company’s full year financial statements.

The Share Purchase Mandate may be renewed at each subsequent AGM or other general meetings of the Company.

LETTER TO SHAREHOLDERS

(c) ***Manner of Purchases or Acquisitions of Shares***

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

- (i) on-market purchases, transacted through the SGX-ST's trading system, through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchases**"); and/or
- (ii) off-market purchases, otherwise than on a securities exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation with any equal access scheme or schemes. An Off-Market Purchase must, however, 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 the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be made, 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 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.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed purchase or acquisition of Shares by the Company;
- (iv) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the proposed purchase or acquisition of Shares by the Company, if made, could affect the listing of the Company's equity securities on the SGX-ST;

LETTER TO SHAREHOLDERS

- (vi) details of any purchase or acquisition of Shares by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving 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
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors. However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the purposes of determining the Maximum Price:

- (i) “**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and
- (ii) “**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. 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.

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3.5 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:

(a) **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) **Voting and Other Rights**

The Company cannot exercise any right in respect of 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 treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) 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 Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must state the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;

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- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 Source of Funds

The Company may not purchase or acquire Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchase or acquisition of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if:

- (a) the Company is able to pay its debts in full at the time of the payment for any Share purchased or acquired pursuant to the Share Purchase Mandate and will be able to pay its debt as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) 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 of Shares pursuant to the Share Purchase Mandate, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The Directors will principally consider the availability of internal resources. The Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will particularly consider the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of Shares in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

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3.7 Financial Effects

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the unaudited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

(a) ***Purchase or Acquisition out of Profits and/or Capital***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 service tax and other related expenses) will correspondingly reduce 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, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) ***Number of Shares Acquired or Purchased***

Based on the 6,658,068,582 issued Shares as the Latest Practicable Date, the purchase or acquisition of Shares by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 665,806,858 Shares.

(c) ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 665,806,858 Shares at the Maximum Price of S\$0.01155 per Share (being the price equivalent to 5% above the Average Closing Price 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), the maximum amount of funds required for the purchase or acquisition of the 665,806,858 Shares is approximately S\$7,690,069 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 665,806,858 Shares at the Maximum Price of S\$0.0132 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 665,806,858 Shares is approximately S\$8,788,651 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

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Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above and assuming that (i) the purchase or acquisition of Shares are made to the extent aforesaid, (ii) such Shares are funded wholly by internal resources within the Group and (iii) the Company had purchased 665,806,858 Shares (representing 10% of the issued Shares as at the Latest Practicable Date), the financial effects of the purchase of 665,806,858 Shares by way of:

- (i) purchases made entirely out of capital and held as treasury shares;
- (ii) purchases made entirely out of capital and cancelled;

on the audited financial statements of the Group and the Company for FY2016 pursuant to the Share Purchase Mandate are set out as follows:

Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
<u>As at 31 December 2016</u>						
Profit Attributable to Owners of the Company	4,661	4,661	4,661	(765)	(765)	(765)
Equity Attributable to Owners of the Company	129,768	122,078	129,768	92,552	84,862	83,763
Net Tangible Assets (NTA)	129,745	122,055	120,956	92,552	84,862	83,763
Current Assets	36,363	28,673	27,574	99,902	99,630	99,630
Current Liabilities	4,461	4,461	4,461	9,139	9,139	9,139
Total Borrowings	6,313	7,257	8,356	96	7,514	8,613
Cash and Cash Equivalents	6,746	–	–	272	–	–
Number of Shares ('000)	6,658,068	6,658,068	6,658,068	6,658,068	6,658,068	6,658,068
<u>Financial Ratios</u>						
Basic Earnings per Share (cents)	0.09	0.09	0.09	(0.01)	(0.01)	(0.01)
NTA per Share (cents)	1.95	1.83	1.82	1.39	1.27	1.26
Gearing (%)	4.86	5.94	6.44	0.10	8.85	10.28
Current Ratio (times)	8.15	6.43	6.18	10.93	10.90	10.90

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Purchases made entirely out of capital and cancelled

	Group			Company		
	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
<u>As at 31 December 2016</u>						
Profit (Loss) Attributable to Owners of the Company	4,661	4,661	4,661	(765)	(765)	(765)
Equity Attributable to Owners of the Company	129,768	122,078	120,979	92,552	84,862	83,763
Net Tangible Assets (NTA)	129,745	122,055	120,956	92,552	84,862	83,763
Current Assets	36,363	29,617	29,617	99,902	99,630	99,630
Current Liabilities	4,461	4,461	4,461	9,139	16,653	17,752
Total Borrowings	6,313	7,257	8,356	96	7,514	8,613
Cash and Cash Equivalents	6,746	–	–	272	–	–
Number of Shares ('000)	6,658,068	5,992,261	5,992,261	6,658,068	5,992,261	5,992,261
<u>Financial Ratios</u>						
Basic (Loss) Earnings per Share (cents)	0.10	0.10	0.10	(0.02)	(0.02)	(0.02)
NTA per Share (cents)	1.95	2.04	2.02	1.39	1.42	1.40
Gearing (%)	4.86	5.94	6.91	0.1	8.85	10.28
Current Ratio (times)	8.15	6.64	6.64	10.93	5.98	5.61

Notes

Total borrowings refer to borrowings from financial institutions. Basic earnings per share equals profit after tax and minority interest divided by the weighted average number of shares. Gearing represents the percentage of total borrowings to shareholders' funds. Current ratio represents the ratio of current assets to current liabilities.

It should be noted that the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company. Although the Share Purchase Mandate would authorise the Company to purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. Further, the Directors would emphasise that they do not propose to purchase or acquire Shares pursuant to the Share Purchase Mandate to such an extent that would, or in any circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution.

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3.8 Listing Rules

Rule 886 of the Listing Manual specifies that a listed company shall notify all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such notification (which must be in the form of Appendix 8.3.1 of the Listing Manual) must include the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

The Listing Manual does not expressly prohibit a listed company from purchasing or acquiring its own shares during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive development has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

In particular, in line with the best practices guide on dealings in securities issued by the SGX-ST, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate during the period of one (1) month immediately preceding the announcement of the Company’s full year financial results and two (2) weeks immediately preceding the announcement of the Company’s financial statements for the first three (3) quarters of the Company’s financial year.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. As at the Latest Practicable Date, approximately 67.1% of the Shares are held by public shareholders. Assuming that (a) the Company purchases a maximum of 10% of the issued Shares from the public and (b) the Shares held by the substantial Shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a buy-back will be approximately 63.5%. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

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3.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) ***Obligations to Make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

(b) ***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 individuals will, inter alia, be presumed to be acting in concert:

- (i) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (ii) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

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- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

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

(c) ***Effect of Rule 14 and Appendix 2 of the Take-over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder who is 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 Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholders holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders would increase by more than 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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Shareholders are advised to consult their professional advisers and/or the Securities Industry Council 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.

Assuming that:

- (i) the Company purchases or acquires Shares pursuant to the Share Purchase Mandate up to the maximum of 10% issued Shares (excluding treasury shares) as permitted by the Share Purchase Mandate;
- (ii) there is no change in the Controlling Shareholder's shareholdings in the Company between the Latest Practicable Date and the date of the EGM;
- (iii) no new Shares are issued following the Shareholders' approval of the proposed Share Purchase Mandate at the EGM; and
- (iv) the Controlling Shareholder does not sell or otherwise dispose of his shareholdings in the Company,

the shareholdings of the Directors and the Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10% of the issued Shares (excluding treasury shares) pursuant to the Share Purchase Mandate, are as follows:

Party	Number of Shares			Voting Rights in the Company (%)	
	Direct Interest	Deemed Interest	Total Interest	Before Share Purchase	After Share Purchase
Ong Bee Huat	1,000,000,000	Nil	1,000,000,000	15.0%	16.7%
Wong Wen-Young	415,255,500	Nil	415,255,500	6.2%	6.9%
UBS Group AG	Nil	400,729,500	400,729,500	6.0%	6.7%
Ong Jia Ming	364,854,150	Nil	364,854,150	5.5%	6.1%
Wang Kai Yuen	7,303,000	Nil	7,303,000	0.1%	0.1%

In the event the Company purchases or acquires Shares pursuant to the Share Purchase Mandate within the Relevant Period of the maximum of 10% of the issued Shares as permitted by the Share Purchase Mandate, it is not expected that the shareholdings and/or voting rights of any of the Shareholders will be increased to 30% or more, thereby triggering a requirement for any Shareholder to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

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3.10 Previous Shares Purchased by the Company

There was no share purchase mandate in force in the last twelve (12) months prior to the Latest Practicable Date. The Company has not purchased or acquired any Shares in the last twelve (12) months immediately preceding the Latest Practicable Date.

3.11 Reporting Requirements

In accordance with Section 76B(9)(a) of the Companies Act, within thirty (30) days of the passing of the approval of the proposed Share Buy-Back Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with ACRA.

In accordance with Section 76B(9)(b) of the Companies Act, the Directors shall lodge with ACRA a notice of share purchase within thirty (30) days of a share buy-back. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases, whether the shares were purchased out of the profits or the capital of the company and such other particulars as may be required in the prescribed form.

In accordance with Section 76K (1D) of the Companies Act, within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

4. THE PROPOSED ADOPTION OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

4.1 Rationale for the Scheme

The purpose of the Scheme is to provide an opportunity for employees of the Company (including its subsidiaries) to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Group. The Company believes that the implementation of the Scheme will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain employees, as well as to achieve the following objectives:

- (a) to recognise and reward past contributions and services;
- (b) to motivate Participants to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
- (c) to retain key employees whose contributions are important to the long-term growth and success of the Group;
- (d) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
- (e) to attract potential employees with relevant skills and talents necessary to enhance the Group's business; and
- (f) to align the interests of the Participants with the interests of Shareholders.

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4.2 Listing of New Shares

An application has been made to the SGX-ST for the dealing in and listing and quotation of the Shares to be allotted and issued pursuant to the Scheme. The in-principle approval of the SGX-ST has been obtained on 10 April 2017 subject to the following conditions:

- (a) the approval of the Shareholders for the proposed adoption of the Scheme; and
- (b) the Company's compliance with the listing requirements of the SGX-ST.

Shareholders should note that the listing and quotation approval from the SGX-ST is not to be taken as an indication of the merits of the Scheme, the new Shares, the Company and/or its subsidiaries.

4.3 Mandate for Issue of Options and/or Shares pursuant to the Scheme

The Company will be seeking specific approval of the Shareholders for the mandate to issue Options pursuant to the Rules of the Scheme, and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the Option(s) that may be granted under the Scheme, subject to the relevant limits under the Companies Act and the Listing Manual.

4.4 Summary of Rules of the Scheme

The following is only a summary of certain terms of the Scheme. For further details, please refer to Appendix A of this Circular for the Rules of the HLH Employee Share Option Scheme 2017, a copy of which is also available for inspection as set out in Paragraph 16 of this Circular.

(a) *Eligibility of participants*

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Scheme:

- (i) employees of the Company;
- (ii) employees of the Company's subsidiaries; and
- (iii) Controlling Shareholders or their associates who fall under (1) or (ii) are eligible to participate in the Scheme, subject to Shareholders' approval for their participation as required under Rule 853 of the Listing Manual;

provided that, as of the relevant Offer Date, they have attained the age of twenty-one (21) years, have not entered into any compositions with their respective creditors and are not undischarged bankrupts, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group.

Non-executive Directors of the Company and its subsidiaries are not eligible to participate in the Scheme.

Pursuant to Rule 853 of the Listing Manual, participation in the Scheme by any Controlling Shareholder or his Associate must be approved by the independent Shareholders at a general meeting and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. The Company will at such time provide the rationale and justification for

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any proposal to grant the Controlling Shareholders and/or their Associates any Options. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Scheme and grant of Options to them.

The terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee, subject to the Companies Act and any relevant rules under the Listing Manual.

(b) ***Administration of the Scheme***

The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred to it by the Board. A member of the Committee who is also a Participant of the Scheme shall abstain from deliberation in respect of the Options granted or to be granted to him/her.

(c) ***Size of the Scheme***

In accordance with Rule 845 of the Listing Manual, the aggregate number of Shares over which Options may be granted on any date under the Scheme, when added to the number of Shares issued and/or issuable or transferred/transerable in respect of:

- (i) all Options granted under the Scheme;
- (ii) all Awards granted under the HLH Performance Share Plan 2017; and
- (iii) all Shares, options or awards granted under any other share option or share scheme then in force,

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

In addition, the aggregate number of Shares over which Options may be granted under the Scheme to all Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Scheme, and the number of Shares over which an Option may be granted under the Scheme to each individual Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Scheme.

It should however be noted that this does not indicate that the Committee will definitely grant Options under the Scheme up to the abovementioned prescribed limits. The Committee will exercise its discretion in deciding the number and size of Options to be granted to each Participant under the Scheme.

(d) ***Maximum entitlement***

Subject to Rules 4, 11, and 13 of the Rules of the HLH Employee Share Option Scheme 2017, the aggregate number of Shares in respect of which Option(s) may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Committee (such discretion to be exercised judiciously) which shall take into account, where applicable, criteria including but not limited to the Grantee's rank and responsibilities within the Group, performance, years of service or appointment, potential for future development of the Grantee and the performance of the Group.

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(e) ***Duration of the Scheme***

The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by the Company. Subject to compliance with any applicable laws and regulations, the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting of the Company and of any relevant authorities which may then be required.

(f) ***Exercise price***

Under the Scheme, the exercise price of Options granted will be determined by the Committee. Subject to any adjustment contemplated under the rules of the Scheme, the Committee may grant Options at an exercise price equal to either:

- (i) the Market Price of the Shares (a “**Market Price Option**”), which is the average of the last dealt prices for the five (5) consecutive Market Days immediately preceding the date on which the Option is granted; or
- (ii) subject to the approval of Shareholders in a separate resolution, at a discount not exceeding 20% of the Market Price of the Shares (a “**Discounted Option**”).

In making any determination on whether to grant a Discounted Option and the quantum of such discount (up to a maximum of 20%), the Committee may, in its absolute discretion and on a case-by-case basis, take into consideration criteria which it deems appropriate including but not limited to the performance of the Group, the years of service and individual performance of a Participant, the individual Participant's effectiveness and contribution to the success and development of the Group and the prevailing economic and market conditions.

The Company believes that the maximum discount of up to 20% of the Market Price of the Shares is sufficient to allow for flexibility in the Scheme, while minimising the potential dilutive effect arising from the Scheme.

(g) ***Period to exercise Option***

Options granted shall expire 5 years from the Date of Grant.

Pursuant to Rule 847 of the Listing Manual, a Market Price Option shall only be exercisable after one (1) year from its Date of Grant, while a Discounted Option shall only be exercisable after two (2) years from its Date of Grant.

Any unexercised Option shall immediately lapse without any claim whatsoever against the Company and/or the Group in the event of:

- (i) a Participant's misconduct as determined by the Committee;
- (ii) a Participant's bankruptcy or the happening of any event which deprives him of the legal or beneficial ownership of an Option; or
- (iii) subject to Rule 8.4 and 8.5 of the Rules of the HLH Employee Share Option Scheme 2017, a Participant ceasing to be in the employment of the Company or any Group Company for any reason whatsoever;

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provided that (a) a Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date; and (b) no Option shall lapse in the event of any transfer of employment of a Participant within the Group.

(h) ***Exercise of Options, Allotment and Issue of Shares***

Subject to Rule 8, an Option may be exercised, in whole or in part (in accordance with Rule 6.5), by a Participant giving notice in writing to the Company in or substantially in the form set out in Appendix A-3, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by the remittance for the full amount of the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised, the relevant CDP charges (if any), any other applicable administrative or handling fees by SGX-ST or CDP, and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may the Company may deem acceptable.

Subject to the Companies Act and the Listing Manual rules, the Company shall have the flexibility to deliver Shares to Grantees upon the exercise of their Options by way of:

- (i) an allotment of new Shares; and/or
- (ii) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Grantees upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

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Shares allotted and issued on the exercise of an Option shall (i) be subject to all the provisions of the Constitution and the Companies' Act; and (ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank pari passu with other existing Shares then in issue.

(i) ***Adjustments under the Scheme***

If a variation in the issued ordinary share capital of the Company (whether by way of rights issue, capital reduction, sub-division, consolidation of shares, distribution or otherwise) shall take place, then:

- (i) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised;
- (ii) the class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
- (iii) the class and/or number of Shares in respect of which additional Options may be granted pursuant to the Scheme,

shall be adjusted in such a manner as the Committee may determine to be appropriate. Adjustments other than on a capitalisation issue must be confirmed in writing by the Auditors (acting as experts and not as arbitrators) to be fair and reasonable.

The following shall not be regarded as events requiring adjustments:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) any issue of securities pursuant to any joint venture;
- (iii) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares in the capital of the Company;
- (iv) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (v) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX Main Board during the period when a share buy-back mandate granted by Shareholders (including any renewal of such mandate) is in force.

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Notwithstanding the provisions of the rules of the Scheme:

- (i) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
 - (ii) no such adjustment shall be made unless the Committee, after considering all relevant circumstances considers it fair and reasonable to do so.
- (j) ***Modifications to the Scheme***

The Scheme may be modified and/or altered at any time by resolution of the Committee, provided that:

- (i) any modification or alteration which shall adversely alter the rights attached to any Options granted prior to such modification or alteration and which in the opinion of the Committee, materially alter the rights attaching to any Options granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (75%) of the total number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
- (ii) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders in a general meeting; and
- (iii) no modification or alteration shall be made without the prior approval of the SGX-ST (if required) or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

Notwithstanding anything to the contrary contained in Rule 16.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).

4.5 Financial effects of the Scheme

(a) ***Share capital***

The Scheme will result in an increase in the issued share capital of the Company and the number of issued Shares to the extent that new Shares are allotted and issued pursuant to the exercise of the Options granted. This will in turn depend on, inter alia, the number of Shares comprised in the Options granted, the number of Options that are accepted and exercised and the Exercise Price of the Shares comprised in the Options upon the exercise of the Options granted.

(b) ***NTA***

The issue of new Shares upon the exercise of the Options granted under the Scheme will increase the Company's consolidated NTA by the aggregate Exercise Price of the new Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

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(c) ***EPS***

Without taking into account earnings that may be derived by the Company from the use of the proceeds from the issuance of Shares pursuant to the exercise of Options granted under the Scheme, any new Shares issued pursuant to any exercise of the Options will have a dilutive impact on the Company's EPS. Outstanding Options without being exercised are dilutive to the calculation of diluted EPS when the Exercise Price of the issue of ordinary Shares is less than the prevailing market price during the period. Options have a dilutive effect only when the prevailing market price during the period exceeds the Exercise Price of the Options.

(d) ***Potential cost of issuing Options***

The Scheme will increase the Company's issued share capital to the extent of the new Shares that will be issued and allotted pursuant to the exercise of Options. Under the FRS 102 on Share-based Payment, the fair value of employee services received in exchange for the grant of the Options would be recognised as a charge to the income statement over the vesting period of an Option and a corresponding credit to the reserve account. The total amount of the charge over the vesting period is generally determined by reference to the fair value of each Option granted at the Date of Grant. This is normally estimated by applying the option pricing model at the Date of Grant.

Before the end of the vesting period, and at each accounting year end, the estimate of the number of Options that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss will be made such that the applicable cumulative balance reflects the revised estimate. After the vesting date, no subsequent adjustment to the charge to the income statement is made.

This accounting treatment has been referred to as the "modified grant date method" because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest, but no adjustment is made to changes in the fair value of the Shares since its Date of Grant. The amount charged to the income statement would be the same whether the Company settles the Options using Treasury Shares, New Shares or existing Shares.

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5. THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

5.1 The maximum discount

In accordance with Rule 845(5) of the Listing Manual, the offer to grant Options under the Scheme at a discount not exceeding 20% of the Market Price is subject to the approval of the Shareholders at a general meeting in a separate resolution. Accordingly, the Board is proposing to seek such Shareholders' approval at the forthcoming EGM to allow the Committee to grant Discounted Options.

For avoidance of doubt, such prior approval shall be required to be obtained only once and once obtained shall, unless revoked, authorise the making of offers and grants of Options under the Scheme at such discount for the duration of the Scheme.

5.2 The rationale for Discounted Options

Upon obtaining the separate Shareholders' approval as stated in Paragraph 5.1 of this Circular, the Committee will have absolute discretion to:

- (a) grant Discounted Options and to determine the quantum of discount applicable on a case-by-case basis (subject to a maximum limit of 20%); and
- (b) determine the Participants to whom, and the Options to which, such discounts will apply.

The amount of discount may vary from one offer to another from time to time depending on the circumstances and on a case by-case basis. In determining the quantum of the discount, the Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to (a) the performance of the Company and/or the Group; (b) the individual performance of the Participant; (c) the contribution to the success of the Company and/or the Group by the Participant; and (d) the prevailing economic and market conditions.

As Discounted Options generally have a greater potential for capital appreciation compared to Market Price Options, the ability to offer Discounted Options will serve as a further means of recognising and rewarding Participants who have made significant contributions to the Group, have consistently performed well, and/or whose future contributions to the Group will be invaluable. Also, the ability to offer Discounted Options will provide greater flexibility for the Committee to grant Options on a more realistic and economically-feasible basis to Participants, especially in certain circumstances where Market Price Options might not be attractive such as when the market is overly-buoyant and share prices are inflated.

The Board is of the view that the proposed maximum 20% discount to Market Price for Discounted Options would be sufficient to allow for flexibility in the Scheme and is appropriate to achieve the objectives of the Scheme.

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6. THE PROPOSED ADOPTION OF THE HLH PERFORMANCE SHARE PLAN 2017

6.1 Rationale for the Plan

The proposed Plan is intended to complement the Scheme set out above in Paragraph 5 of this Circular and with both schemes in place, will give the Company greater flexibility and increase the effectiveness in its continuing efforts to reward, retain and motivate talent.

Unlike the Scheme under which Participants would need to pay the Exercise Price to receive the underlying Shares of the Company, the proposed Plan contemplates the award of fully paid Shares to Participants who achieve certain specific performance conditions which will be set out by the Committee. For example, the Committee may impose specific or medium-term performance targets, such as the successful completion of a project, or impose time-based service conditions (or a combination of both) as a means to motivate and incentivise Participants to better performance and to retain talent by instilling a sense of ownership and aligning the interests of the Participants with the interests of the Shareholders.

As Shares awarded under the proposed Plan will be free, Participants would receive the same economic benefit from an Award of fewer Shares as compared to an Option granted under the Scheme in respect of a larger number of Shares. The Plan would therefore allow the Company to incentivise employees while reducing the dilutive effect to Shareholders.

6.2 Listing of New Shares

An application will be made to the SGX-ST for the dealing in and listing and quotation of the Shares to be allotted and issued pursuant to the Plan. The in-principle approval of the SGX-ST has been obtained on 10 April 2017 subject to the following conditions:

- (a) the approval of the Shareholders for the proposed adoption of the Plan; and
- (b) the Company's compliance with the listing requirements of the SGX-ST.

Shareholders should note that the listing and quotation approval from the SGX-ST is not to be taken as an indication of the merits of the Plan, the new Shares, the Company and/or its subsidiaries.

6.3 Mandate for Issue of Shares pursuant to the Plan

The Company will be seeking specific approval of the Shareholders for the mandate to offer and grant Award(s) in accordance with the Rules of the Plan, and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of new Shares as may be required to be issued comprised in the Award(s) that may be granted under the Plan, subject to the relevant limits under the Companies Act and Listing Manual.

6.4 Summary of Rules of the Plan

The following is only a summary of certain terms of the Plan. For further details, please refer to Appendix B of this Circular for the Rules of the HLH Performance Share Plan 2017, a copy of which is also available for inspection as set out in Paragraph 16 of this Circular.

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(a) ***Eligibility of participants***

An Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Committee. Such person must:

- (i) be confirmed in his employment with a Group Company or an Associated Company;
- (ii) have attained the age of 21 years on or before the Date of Grant; and
- (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Non-executive Directors of the Company, its subsidiaries and/or any of its associated companies are not eligible to participate in the Plan.

Subject to Rule 4.3 of the Plan, the eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period of each Award shall be determined at the absolute discretion of the Committee, which shall take into account, inter alia:

- (a) the financial performance of the Group; and
- (b) criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group.

Pursuant to Rule 853 of the Listing Manual, the participation of each Controlling Shareholder and each of his Associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

The eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period of each Award shall be determined at the absolute discretion of the Committee, which shall take into account, inter alia:

- (i) the financial performance of the Group; and
- (ii) criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group.

(b) ***Administration of the Plan***

The Plan shall be administered by the Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.

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(c) ***Size of the Plan***

In accordance with Rule 845 of the Listing Manual, the aggregate number of Shares over which Awards may be granted on any date under the Plan, when added to the number of Shares issued/issuable or transferred/transferable in respect of:

- (i) all Options granted under the HLH Employee Share Option Scheme 2017;
- (ii) all Awards granted under the Plan; and
- (iii) all Shares, options or awards granted under any other share option or share scheme then in force,

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

The aggregate number of Shares over which the Committee may grant an Award to the Controlling Shareholders and their Associates under the Plan, shall not exceed 25% of the Shares available under the Plan, and the number of Shares over which Awards may be granted under the Plan to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the Plan.

(d) ***Duration of the Plan***

The Plan shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated at any time by the Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.

(e) ***Grant of Awards***

Subject as provided in Rules 4 and 8, the Committee may grant Awards to Employees as the Committee may select in its absolute discretion, at any time during the period when the Plan is in force except that no grant of Awards shall be made during the period of two weeks or one month immediately preceding the date of announcement of the Company's interim or final results respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.

The Committee shall decide, in its absolute discretion, in relation to each Award:

- (i) the Participant;
- (ii) the Date of Grant;
- (iii) the number of Shares which are the subject of the Award;
- (iv) the prescribed Vesting Period(s);

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- (v) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (vi) in the case of a Performance-related Award, the Performance Period(s) and the Performance Condition(s). In this regard, when setting Performance Condition(s) and Performance Period(s), the Committee shall also take into account both the medium and long-term corporate objectives of the Group such as sales growth, growth in earnings and return on investment, as well as the individual performance of each Participant such as the Participant's length of service with the Group, achievements of past performance targets, value-add to the Group's performance and development and overall enhancement to Shareholders value.

Participants are not required to pay for the grant of Awards.

An Award or Released Award shall be personal to the Employee to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

(f) ***Events Prior to Vesting Date***

An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its directors or employees):

- (i) a Participant ceasing for any reason whatsoever, to be in the employment of a Group Company or Associated Company (as the case may be) or in the event the company by which the Employee is employed ceases to be a company in the Group or an Associated Company (as the case may be);
- (ii) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (iii) upon the death of a Participant;
- (iv) if a Participant commits a breach of any of the terms of his Award; and/or
- (v) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

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For the purpose of Rule 6.1(a), an Employee shall be deemed to have ceased to be in the employment of a Group Company and/or an Associated Company (as the case may be) on the date on which he gives or receives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the relevant Group Company or Associated Company (as the case may be)) withdrawn such notice. For the avoidance of doubt, no Award shall lapse pursuant to Rule 6.1(a) in the event of any transfer of employment of a Participant within the Group or to an Associated Company.

(g) ***Release of Awards***

In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.2) shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or waived in accordance with Rule 5.3 or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

(h) ***Adjustments under the Plan***

In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may at the option of the Committee be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers otherwise, the following shall not normally be regarded as a circumstance requiring adjustment under the provisions of this Rule 9:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) any issue of securities pursuant to any joint venture;
- (iii) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles

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into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares in the capital of the Company;

- (iv) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (v) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX Main Board during the period when a share buy-back mandate granted by Shareholders (including any renewal of such mandate) is in force.

Notwithstanding the provisions of Rule 9, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Notwithstanding the provisions of the Rules of the Plan:

- (i) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (ii) no such adjustment shall be made unless the Committee, after considering all relevant circumstances considers it fair and reasonable to do so.

(i) ***Modifications to the Plan***

Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (i) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration and which in the opinion of the Committee materially alters the rights attaching to such Award except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
- (ii) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in general meeting; and
- (iii) no modification or alteration shall be made without due compliance with the Listing Manual and prior approval of such other applicable regulatory authorities as may be necessary.

Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

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Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

6.5 Financial effects of the Plan

(a) ***Share capital***

The Plan will result in an increase in the number of issued Shares to the extent that new Shares are allotted and issued upon the vesting and release of the Awards under the Plan. The number of new Shares issued will depend on, inter alia, the size of the Awards granted under the Plan.

(b) ***NTA***

The grant of Awards under the Plan will result in a charge to the Company's and Group's income statements, which is equal to the fair value of the Awards over the period from the Date of Grant of the Awards to the date of vesting and release of the Awards.

If new Shares are issued to the Participants under the Plan, the NTA of the Company and the Group would decrease by the amount charged. However, if instead of issuing new Shares, existing Shares are purchased for delivery to the Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

(c) ***EPS***

The Plan will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares to the extent that new Shares are allotted and issued pursuant to the vesting and release of Awards under the Plan. The Plan will result in a charge to earnings equivalent to the fair value of the Awards at the Date of Grant over the period from the Date of Grant of the Awards to the vesting date.

(d) ***Potential cost of granting Awards***

Based on the FRS 102 for Share-based Payment, the fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding increase in equity. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made.

The expense recognised in the profit and loss account depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a "market condition".

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- (a) If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the Date of Grant, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.
- (b) However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the Date of Grant is used to compute the expense to be recognised in the income statement at the end of each financial year, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition and if the Awards do not ultimately vest, the amount charged to the income statement would be reversed at the end of the vesting period.

7. THE PROPOSED PARTICIPATION BY AND GRANT OF AWARD TO DATO' DR. ONG BEE HUAT, A CONTROLLING SHAREHOLDER, UNDER THE HLH PERFORMANCE SHARE PLAN 2017

7.1 Rationale and justification for proposed participation of and grant of award to Dato' Dr. Ong Bee Huat

Dato' Dr. Ong Bee Huat is the Executive Deputy Chairman, CEO, and a Controlling Shareholder of the Company. He is the highest-ranking executive and his primary responsibilities include making major corporate decisions, managing the overall operations and maximising the resources of the Company, and acting as the main point of communication between the board of directors and corporate operations. The Directors are of the view that the proposed grant of Award to Dato' Dr. Ong Bee Huat is fair given his contributions to the Group, and is consistent with the Company's objectives.

The Committee, when deciding on the number of Award Shares to be offered to Dato' Dr. Ong Bee Huat, has taken into consideration the financial performance of the Group, the effectiveness of the overall strategy and the prevailing remuneration package of Dato' Dr. Ong Bee Huat, his responsibilities, length of service, past and present contributions, and potential for future development and contribution towards the long-term objectives of the Group. In view of the foregoing, the Company believes that the proposed Award is fair and not excessive.

All the Directors (other than Dato' Dr. Ong Bee Huat) were involved in the deliberations in respect of the Award and the terms of the Award. In view of the requirement of independent Shareholders being obtained for the grant of Award to Dato' Dr. Ong Bee Huat, he will abstain from voting as a member of the Company and he will procure his associates to abstain from voting on the resolution relating to the grant of the Award to him. Accordingly, the Company is of the view that there is no abuse in the grant of Award to Dato' Dr. Ong Bee Huat.

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7.2 Award to Dato' Dr. Ong Bee Huat

To reward Dato' Dr. Ong Bee Huat for his past and present contributions and to provide additional incentive for him to continue to contribute to the future performance of the Group, the Company proposes to grant the following Award to Dato' Dr. Ong Bee Huat, subject to the approval by independent Shareholders, on the following terms:

Number of Shares	:	9,000,000
Release and vesting of the Award	:	The entire 9,000,000 Shares may be released and issued to Dato' Dr. Ong Bee Huat on obtaining approval from independent Shareholders.

The aggregate number of Shares to be issued under the Award to Dato' Dr. Ong Bee Huat has been determined after taking into account, among others, Dato' Dr. Ong Bee Huat's rank, job performance, leadership and management capabilities, contribution to the success and development of the Group, and the extent of effort and resourcefulness required to achieve the performance conditions within the performance period.

Under Rule 845 of the Listing Manual, the aggregate number of Shares which may be issued pursuant to the Plan, when added to the number of new Shares issued and/or issuable in respect of all Awards and/or Options granted under the Plan, the Scheme, and any other share scheme which the Company may implement from time to time, shall not exceed 15% of the Company's total issued Shares (excluding treasury shares) on the day preceding the date of the Award. The aggregate number of Shares over which Options may be granted under the Scheme to all Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Scheme, and the number of Shares over which an Option may be granted under the Scheme to each individual Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Scheme.

As at the Latest Practicable Date, the total number of Shares (excluding treasury shares) is 6,658,068,582. The maximum number of Shares which may be allotted and issued to Dato' Dr. Ong Bee Huat pursuant to the Plan is 99,871,029. Subject to Shareholders' approval being obtained for the grant of Award to Dato' Dr. Ong Bee Huat under this Circular, the 9,000,000 Award Shares to be issued and allotted to Dato' Dr. Ong Bee Huat represent 9.01% of the total number of new Shares which can be issued to him under the Plan which is within the limits prescribed under Rule 845 of the Listing Manual.

8. THE PROPOSED ISSUE OF 5.0% EQUITY LINKED CONVERTIBLE BONDS DUE 2020 WITH AN AGGREGATE PRINCIPAL AMOUNT OF S\$20,000,000

8.1 Introduction

On 19 January 2017, the Company announced that it had entered into Subscription Agreements with Bridge Roots Capital ("**Subscriber 1**") and Dato' Dr. Ong Bee Huat ("**Subscriber 2**") respectively (collectively, the "**Subscribers**"), pursuant to which the Company proposed to issue 5.0% redeemable convertible Bonds due 2020 with an aggregate principal amount of S\$20,000,000 (comprising S\$16,000,000 to Subscriber 1 and S\$4,000,000 to Subscriber 2). The Bonds shall entitle the respective holder thereof to 5.0% interest per annum, at a Conversion Price of S\$0.01 subject to adjustments as provided under the Conditions of the Subscription Agreements, be convertible into ordinary shares in the capital of the Company which are listed on the Official List of the SGX-ST. The Bonds will not be listed on the Mainboard of the SGX-ST.

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Under Chapter 8 of the Listing Manual, any issue of convertible securities not covered under a general mandate must be specifically approved by Shareholders in a general meeting. Further, the Subscribers are “interested persons” as defined under Rule 904 of the Listing Manual. Accordingly, the Proposed Issue is therefore subject to the approval of Shareholders.

Further, pursuant to Rule 803 of the Listing Manual, an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in a general meeting. In the event of full conversion of the Bonds by the Subscribers, it is envisaged that the Subscriber 1 and Subscriber 2 will respectively hold approximately 18.48% and 16.17% of the enlarged issued and paid-up share capital of the Company (the Conversion Price of each Conversion Share being S\$0.01).

To this end, Shareholders’ approval is therefore sought for both the Proposed Issue and thereafter the allotment and issue of Conversion Shares upon the conversion of the Bonds by the Subscribers.

8.2 Overview of the Proposed Issue

The Proposed Issue comprises one (1) tranche of Bonds with an aggregate principal amount of S\$20,000,000, comprised of S\$16,000,000 to Subscriber 1 and S\$4,000,000 to Subscriber 2. The Bonds shall entitle the holder thereof to 5.0% interest per annum, and, on the terms and conditions set out in the respective Subscription Agreements, be convertible into ordinary shares in the capital of the Company which are listed on the Official List of the SGX-ST. The Conversion Shares will, when issued, rank *pari passu* in all respects with and carry all rights similar to existing ordinary shares of the Company, save that they will not rank for dividend, right, allotment or other distributions, the record date of which falls on or before the conversion date of the Bonds.

An application has been made to the SGX-ST for the dealing in and listing and quotation of the Conversion Shares to be allotted and issued pursuant to the conversion of the Bonds. The in-principle approval of the SGX-ST has been obtained on 6 April 2017 subject to the following conditions:

- (a) compliance with the Exchange’s listing requirements;
- (b) submission of the following documents:
 - (i) independent Shareholders’ approval for the proposed issue of Convertible Bonds at an extraordinary general meeting to be convened;
 - (ii) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the annual report;

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- (iii) a written undertaking from the Company that it will comply with Rules 803 and 831 of the Listing Manual; and
- (iv) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829 of the Listing Manual.

Shareholders are to note that the listing and quotation approval from the SGX-ST is not an indication of the merits of the proposed issue of Bonds, the Conversion Shares, the Company and/or its subsidiaries.

8.3 Information on the Subscribers

Subscriber 1, Bridge Roots Capital, is a Taiwan-domiciled opportunity or situation driven private equity fund which targets growth or merger and acquisition opportunities in Greater China and South East Asia. Its primary investment objective is to achieve medium to long term capital appreciation through flexible investment strategies across various industries and sectors. It is a discretionary fund and its end investors are Taiwan-based private companies. Mr Joe Hsiang, Lin, a founding partner of Subscriber 1, is also a non-executive director of the Company appointed on 13 December 2016. Mr Lin does not have any financial or investment interest nor does he hold any equity interest in Subscriber 1. Prior to Bridge Roots Capital, he was the Vice President in Concord Venture Capital and completed several Merger and Acquisition projects and Initial Public Offers in Taiwan and China. Mr. Lin was awarded his master degree by the National Taipei University and he is also the director of several listed companies in Taiwan.

Subscriber 2, Dato' Dr. Ong Bee Huat, is the deputy chairman, executive director, CEO, and a Controlling Shareholder of the Company.

8.4 Salient terms of the Subscription Agreements

Save for the difference in the principal amount of the Bonds to be issued to Subscriber 1 and Subscriber 2 respectively, the Subscription Agreements are materially identical and some of the key terms are summarised below:

(a) ***Issue and subscription of the Bonds***

Subject to the terms and conditions of the Subscription Agreement, the Company agrees to issue and the Subscriber agrees to subscribe for the Bonds at the Issue Price on the fifth Business Day immediately after the conditions set out in Clause 7 of the Subscription Agreement is fulfilled or such other date as the Parties may agree in writing, such date being the Closing Date of the Bonds.

(b) ***Conditions Precedent to Closing***

Notwithstanding any other provisions in this Agreement, the Subscriber shall not be obliged to subscribe and pay for the Bonds unless the following conditions have been satisfied within six months from the date of this Agreement, the approval of Shareholders at a general meeting of the Company for the offer or sale, or invitation for subscription or purchase, or the issue, of the Bonds, the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in respect of the Bonds and all other matters in relation thereto and in connection therewith shall have been obtained, and such approval shall not have been amended, withdrawn, revoked or cancelled.

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(c) *Representations by the Subscriber*

The Subscriber represents and warrants to the Company that:

- (i) it has full power, authority and capacity to enter into and perform its obligations under the Subscription Agreement;
- (ii) it is subscribing for the Bonds for investment purposes only;
- (iii) in compliance with Rule 803 of the Listing Manual, there will be no conversion of the Bonds to transfer a controlling interest in the Company without the prior approval of the Shareholders in a general meeting.

8.5 **Summary of the principal terms of the Bonds**

The principal terms of the Bonds are set out in Appendix C of this Circular. For further details, please refer to the Subscription Agreements, a copy of which is available for inspection as set out in Paragraph 16 of this Circular.

Any material alteration to the terms of the issued Bonds to the advantage of a Bondholder must be approved by Shareholders, except where the alterations are made pursuant to the terms of the Proposed Issue. The Company will also make immediate announcements with respect to any adjustments to the Conversion Price of the Bonds pursuant to the Subscription Agreements, such adjustments to be determined by the Board in the event of rights, bonus, consolidation or other capitalisation issues.

8.6 **Rationale for the Proposed Issue and use of proceeds**

The Company shall use the proceeds from the issue of the Bonds to wholly finance its construction and development project (the D'Seaview Mixed Development) in Cambodia.

Based on the Company's working capital requirements, the Board had approached and had discussions with several parties, including the Subscribers, to provide equity, loans or convertible loans for the working capital of the Company and to fund the Company's exploration of new investment and other corporate activities. The decision to accept the terms offered by the Subscribers was made on the basis that there were no other lenders prepared to match the loan quantum and willing to provide loans on lending terms more favourable than those offered by the Subscribers.

On the basis of the commitment by the Subscribers under the Subscription Agreements, the Proposed Issue is expected to raise at least S\$20,000,000 through the allotment and issue of the Bonds (excluding fixed expenses).

The estimated net proceeds of the Proposed Issue (assuming the full issue of the Bonds and after deducting the estimated professional fees of S\$100,000) would be S\$19,900,000.

Pending the deployment of the proceeds from the Proposed Issue for the purposes stated above, the net proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

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The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Issue, after the funds from the Proposed Issue are materially disbursed. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation. The Directors are of the opinion that, after taking into consideration present bank facilities and the net proceeds from the Proposed Issue, the working capital available to the Group is sufficient to meet its present requirements.

8.7 Basis for discount

The Conversion Price of S\$0.01 is equivalent to the closing prices of the Shares traded on the Exchange for the three (3) days immediately preceding the market day on which the Subscription Agreements were entered into. As such, the price is at not more than 10% discount to the prevailing market price of the underlying shares prior to the subscription agreements.

8.8 Financial effects of the Proposed Issue

It is not possible at the Latest Practicable Date to determine precisely the financial effects of the Proposed Issue on the Company and the Group until the Bonds have been fully converted or otherwise redeemed.

Shareholders should note that the risks and implications of the potential dilution to Shareholders arising from the subscription and conversion of Bonds by the Subscribers cannot be fully ascertained at this point in time. Shareholders should also note that a possible change in the controlling interest of the Company may arise in the event that all the Conversion Shares are issued to the Subscriber under the Proposed Issue as illustrated above.

For the avoidance of doubt, Shareholders should note that nothing in this Circular may be treated as a representation by the Company as to the trading price of the Shares on the SGX-ST during the term of the Bonds or for any other period of time.

Notwithstanding the above, in order to facilitate Shareholders' understanding of the Proposed Issue, illustrations of the financial effects of the Proposed Issue on the share capital, NTA and gearing of the Company and the Group are set out below. Shareholders should note that the illustrations on the financial effects as set out below are purely for illustrative purposes only and have been prepared based on the following assumptions:

- (i) the financial effects of the Proposed Issue are based on the Group's unaudited financial statements for FY2016;
- (ii) the Conversion Price is S\$0.01;
- (iii) the Bonds are issued and fully converted on the day of their issue; and
- (iv) issue expenses amount to approximately S\$100,000.

The issued and fully paid up share capital of the Company as at the Latest Practicable Date is S\$94,602,000 comprising 6,658,068,582 Shares.

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Assuming that the Bonds with an aggregate principal amount of S\$20,000,000 are issued and are converted at the Conversion Price of S\$0.01, the maximum number of Conversion Shares for Bonds is 2,000,000,000 Conversion Shares. This represents approximately (i) 30.0% of the existing share capital of 6,658,068,582 Shares; and (ii) 23.1% of the enlarged share capital of the Company as at the Latest Practicable Date.

Illustration of the financial effects of the Proposed Issue

(a) Issued Share Capital

	No. of Shares
Share Capital	
Issued and paid up share capital as at 31 December 2016	6,658,068,582
Number of Conversion Shares arising from the full conversion of the Bonds	2,000,000,000
Enlarged share capital after conversion of the Bonds	8,658,068,582

(b) NTA

	S\$'000
NTA attributable to owners of the Company	
NTA attributable to owners of the Company as at 31 December 2016	129,768
Estimated issue expenses arising from the issuing of the Bonds	100
Net receipt from the issue of the Bonds	19,900
Adjusted NTA attributable to owners of the Company after the issue of the Bonds but before conversion of the Bonds	129,668
NTA attributable to owners of the Company per Share (cents)	1.95
Adjusted NTA attributable to owners of the Company after conversion of the Bonds	149,668
NTA attributable to owners of the Company per Share (cents)	1.73

(c) Gearing

	S\$'000
Based on Total Borrowings as at 31 December 2016	6,313
Increase in Total Borrowings resulting from the issue of the Bonds	20,000
Adjusted Total Borrowings after issue of the Bonds	26,313
As at 31 December 2016	4.9%
After the issuance and before conversion of the Bonds	20.3%
Decrease in Total Borrowings resulting from the conversion of the Bonds	(20,000)
Adjusted shareholders' funds after issue and conversion of the Bonds	149,668
After the conversion of the Bonds	4.2%

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(d) EPS

The Proposed Issue is expected to have a dilutive effect on the EPS of the Group in view of the enlarged issued share capital of the Company upon the issue of the Conversion Shares arising from the conversion of the Bonds.

Earnings per Share

Net profit for FY2016 attributable to the shareholders of the Company (S\$'000)	4,661
Basic EPS (cents) FY 2016	0.087
Weighted average number of Shares after conversion	7,359,182,443
Basic EPS after conversion of the Bonds (cents)	0.063

Notes:

The increase in total borrowings arising from the issuance of Bonds is on the assumption that there is no allocation of value to the embedded derivatives. Hence the amount recognised as total borrowings is the proceeds of the issuance.

Total borrowings refer to borrowings from financial institutions, basic earnings per share equals profit after tax and minority interest divided by the weighted average number of shares and gearing represents the percentage of total borrowings to shareholders' funds.

8.9 Accounting treatment of the Proposed Issue

Upon issuance of the Bonds, the proceeds (net of transaction costs) will be allocated between the liability component (the "**Convertible Bond Liability**") and equity component. The equity component is recognised in equity, while the Convertible Bond Liability is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds and subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds. When the Bonds are converted into Shares of the Company, the carrying amounts of the Convertible Bond Liability are derecognised with a corresponding recognition of share capital. The original equity component remains as equity (although it may be transferred from one line item within equity to another). There is no gain or loss on conversion.

8.10 Interested Person Transaction

As Subscriber 1 is an "associate" of Mr Joe Hsiang, Lin who is a non-executive director of the Company, and Subscriber 2 (Dato' Dr. Ong Bee Huat) is the CEO and a Controlling Shareholder of the Company, they are both "interested persons" as defined under Rule 904 of the Listing Manual. Accordingly, the Proposed Issue constitutes an Interested Person Transaction within the meaning of Chapter 9 of the Listing Manual.

8.11 Opinion and Advice of the IFA

PricewaterhouseCoopers Corporate Finance Pte Ltd has been appointed to advise the Independent Directors and to opine on whether the Proposed Issue as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

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Having taken into consideration the factors as set out in the IFA Letter, and subject to assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that the Proposed Issue is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

A copy of the IFA Letter, containing in full the opinion and advice of the IFA, is reproduced in Appendix D to this Circular. Shareholders are advised to read the letter carefully and in its entirety before proceeding to vote on the resolution for the Proposed Issue at the EGM.

8.12 Statement from the Independent Directors

Having reviewed, *inter alia*, the terms, rationale for and benefits of the Proposed Issue of the Bonds as well as the opinion and advice of the IFA, the Independent Directors concurs with the opinion of the IFA and is of the view that the Proposed Issue is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

With respect to the Proposed Issue, other than Mr Joe Hsiang, Lin (a founding partner of Subscriber 1) and Dato' Dr. Ong Bee Huat (Subscriber 2), none of the Directors and, as far as the Directors are aware, none of the substantial Shareholders have any interest, direct or indirect, in the Proposed Issue.

The interests of the Directors and substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of director's shareholdings and the register of substantial shareholders kept by the Company, are as follows:

(a) Shareholdings before conversion of the Convertible Bonds

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Bee Huat	1,000,000,000	15.0%	–	–
Dr. Wong Wen-Young, Winston	415,255,500	6.2%	–	–
Mr Ong Jia Ming	364,854,150	5.5%	–	–
Dr. Wang Kai Yuen	7,303,000	0.1%	–	–
Dr Chen Seow Phun John	–	–	–	–
Dr Lee Kuo Chuen	–	–	–	–
Mr Joe Hsiang, Lin	–	–	–	–
Dr Wong Jr. Winston (Alternate Director to Dr Wong Wen-Young Winston)	–	–	–	–

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Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Bee Huat	1,000,000,000	15.0%	–	–
Dr. Wong Wen-Young, Winston	415,255,500	6.2%	–	–
UBS Group AG	–	–	400,729,500	6.0%
Mr Ong Jia Ming	364,854,150	5.5%	–	–

(b) Shareholdings after full conversion of the Convertible Bonds

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Bee Huat	1,400,000,000	16.2%	–	–
Dr. Wong Wen-Young, Winston	415,255,500	4.8%	–	–
Mr Ong Jia Ming	364,854,150	4.2%	–	–
Dr. Wang Kai Yuen	7,303,000	0.1%	–	–
Mr Joe Hsiang, Lin	–	0.0%	1,600,000,000	18.5%
Dr Chen Seow Phun John	–	–	–	–
Dr Lee Kuo Chuen	–	–	–	–
Dr Wong Jr. Winston (Alternate Director to Dr Wong Wen-Young Winston)	–	–	–	–

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Bee Huat	1,400,000,000	16.2%	–	–
Dr. Wong Wen-Young, Winston	415,255,500	4.8%	–	–
UBS Group AG	–	–	400,729,500	4.6%
Mr Ong Jia Ming	364,854,150	4.2%	–	–
Mr Joe Hsiang, Lin	–	0.0%	1,600,000,000	18.5%

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N1 – N7 of this Circular, will be held at D'Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on 28 April 2017 at 11 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM.

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11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at D’Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 not less than 48 hours before the time set for holding the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds he is able to do so.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by the CDP at least 48 hours before the EGM.

12. DIRECTORS’ RECOMMENDATION

12.1 Proposed Change of Auditors

Having considered the rationale and benefit of the Proposed Change of Auditors and Audit Committee’s recommendation, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Change of Auditors as set out in the Notice of EGM.

12.2 Proposed adoption of the Share Purchase Mandate

Having considered the rationale and benefit of the proposed adoption of the Share Purchase Mandate, the Directors are of the opinion that the proposed adoption of the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Purchase Mandate as set out in the Notice of EGM.

12.3 Proposed adoption of the HLH Employee Share Option Scheme 2017

Having considered the rationale and benefit of the proposed adoption of the HLH Employee Share Option Scheme 2017, the Non-Executive Directors and the Non-Executive Independent Directors are of the opinion that the proposed adoption of the Scheme is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Scheme as set out in the Notice of EGM.

As the Executive Directors of the Company are eligible to participate in the Scheme, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolution relating to the adoption of the Scheme to be proposed at the EGM.

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12.4 Proposed grant of authority to offer and grant Options at a discount under the HLH Employee Share Option Scheme 2017

Having considered the rationale and benefit of the proposed grant of authority to offer and grant Options at a discount under the Scheme, the Non-Executive Directors and the Non-Executive Independent Directors are of the opinion that the proposed grant of authority is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed grant of authority to offer and grant Options at a discount under the Scheme as set out in the Notice of EGM.

As the Executive Directors of the Company are eligible to participate in the Scheme, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolution relating to the grant of authority to offer and grant Options at a discount under the Scheme to be proposed at the EGM.

12.5 Proposed adoption of the HLH Performance Share Plan 2017

Having considered the rationale and benefit of the proposed adoption of the HLH Performance Share Plan 2017, the Non-Executive Directors and the Non-Executive Independent Directors are of the opinion that the proposed adoption of the Plan is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Plan as set out in the Notice of EGM.

As the Executive Directors of the Company are eligible to participate in the Plan, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolution relating to the adoption of the Plan to be proposed at the EGM.

12.6 Proposed participation by Dato' Dr. Ong Bee Huat under the HLH Performance Share Plan 2017

Having considered the rationale and benefit of the proposed participation by Dato' Dr. Ong Bee Huat under the HLH Performance Share Plan 2017, the Directors (save for Dato' Dr. Ong Bee Huat himself) are of the opinion that the proposed participation by Dato' Dr. Ong Bee Huat is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed participation by Dato' Dr. Ong Bee Huat as set out in the Notice of EGM.

12.7 Proposed grant of Award to Dato' Dr. Ong Bee Huat under the HLH Performance Share Plan 2017

Having considered the rationale and benefit of the proposed grant of Award to Dato' Dr. Ong Bee Huat under the HLH Performance Share Plan 2017, the Directors (save for Dato' Dr. Ong Bee Huat himself) are of the opinion that the proposed grant of Award to Dato' Dr. Ong Bee Huat is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed grant of Award to Dato' Dr. Ong Bee Huat as set out in the Notice of EGM.

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12.8 Proposed issue of 5.0% equity linked convertible bonds due 2020 with an aggregate principal amount of S\$20,000,000 to the Subscribers.

The Directors (save for Mr Joe Hsiang, Lin and Dato' Dr. Ong Bee Huat) are of the opinion, for reasons set out in this Circular that the Proposed Issue is in the interests of the Company and the Shareholders. Accordingly, the Directors (save for Mr Joe Hsiang, Lin and Dato' Dr. Ong Bee Huat) recommend that Shareholders vote in favour of the ordinary resolution relating thereto at the EGM as set out in the Notice of EGM.

12.9 Proposed allotment and issue of the Conversion Shares to the Subscribers upon the conversion of the Bonds.

The Directors (save for Mr Joe Hsiang, Lin and Dato' Dr. Ong Bee Huat) are of the opinion, for reasons set out in this Circular that the proposed allotment and issue of the Conversion Shares to the Subscribers upon conversion of the Bonds is in the interests of the Company and the Shareholders. Accordingly, the Directors (save for Mr Joe Hsiang, Lin and Dato' Dr. Ong Bee Huat) recommend that Shareholders vote in favour of the ordinary resolution relating thereto at the EGM as set out in the Notice of EGM.

13. ABSTENTION FROM VOTING

All persons (including those Directors who are also Shareholders) who are eligible to participate in the Scheme and/or the Plan (as the case may be) shall abstain from voting on the ordinary resolutions set out as Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5 and shall also decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Dato Dr. Ong Bee Huat who are eligible to participate in the Plan and be granted an Award of Shares under the Plan shall abstain from voting on the ordinary resolutions set out as Ordinary Resolution 6A and Ordinary Resolution 6B and shall also decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Mr Joe Hsiang, Lin and Dato' Dr. Ong Bee Huat shall abstain from voting on the ordinary resolutions set out as Ordinary Resolution 7 and Ordinary Resolution 8 as set out in the Notice of EGM and shall decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed matters as set out herein, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 the Circular in its proper form and context.

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15. CONSENT

PricewaterhouseCoopers Corporate Finance Pte Ltd (as independent financial adviser to the Independent Directors in connection with the Proposed Issue of the Bonds) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and the IFA Letter set out in Appendix D to this Circular and all references thereto, in the form and context in which they are included and appear in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at D’Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the forthcoming EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the year ended 31 December 2016;
- (c) the letter from EY dated 4 April 2017, setting out inter alia, their intention to resign as auditors of the Company;
- (d) the professional clearance letter issued by EY to Deloitte dated 4 April 2017;
- (e) the letter of consent to act as auditors of the Company from Deloitte dated 5 April 2017;
- (f) the Rules of the HLH Employee Share Option Scheme 2017;
- (g) the Rules of the HLH Performance Share Plan 2017;
- (h) the Subscription Agreements;
- (i) the IFA Letter; and
- (j) the consent letter referred to in Paragraph 15 of this Circular.

Yours faithfully,
For and on behalf of the Board of Directors of
HLH Group Limited

Dato’ Dr. Ong Bee Huat
Executive Deputy Chairman

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

HLH GROUP LIMITED

RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

1. NAME OF THE SCHEME

The Scheme shall be called the “HLH Employee Share Option Scheme 2017”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“Associates”	(a) In relation to any director, chief executive officer, substantial shareholder or Controlling shareholder (being any 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; or (iii) any company in which he and/or 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 an interest of 30% or more.
“Associated Companies”	A company, other than a subsidiary of the Group, where the Company has control over.
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

“CDP”	The Central Depository (Pte) Limited
“Committee”	The remuneration committee of the Company
“Companies Act”	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Company”	HLH Group Limited
“Constitution”	The Constitution of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company
“CPF”	The Central Provident Fund of Singapore
“Date of Grant”	In relation to an Option, the date on which the Option is granted pursuant to Rule 6
“Discounted Option”	Has the meaning given to it under Rule 7.1(b)
“Employee”	An employee of a Group Company or Associated Company, as the case may be
“Exercise Period”	The period for the exercise of an Option, being the period commencing: <ul style="list-style-type: none"> (i) in the case of a Market Price Option, after the first anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant; or (ii) in the case of an Discounted Option, after the second anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as may be adjusted in accordance with Rule 13
“Grantee”	The person to whom an offer to grant an Option is made
“Group”	The Company and its Subsidiaries

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

“Group Company”	A company within the Group
“Listing Manual”	The Listing Manual of the SGX-ST as may be amended, supplemented or modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares determined by reference to the daily Official List published by SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant of an Option provided always that in the case of a Market Day on which Shares were not traded on SGX-ST, the last dealt price for the Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Market Price Option”	Has the meaning given to it under Rule 7.1(a)
“Option”	The right to subscribe for Shares granted or to be granted to a Grantee pursuant to the Scheme and for the time being subsisting
“Participant”	The holder of an Option
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	Rules of the Scheme
“Scheme”	The HLH Employee Share Option Scheme 2017, as may be modified or altered from time to time in accordance with the Rules
“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
“Shares”	Ordinary shares in the issued share capital of the Company

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

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| “Shareholders” | Registered holders of 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 and into whose Securities Accounts those Shares are credited |
| “Subsidiary” | A company being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act |
| “Substantial Shareholder” | A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company. |
| “Treasury Shares” | Has the meaning ascribed to it in Section 4 of the Companies Act |
| “S\$” | Singapore Dollars |
| “%” or “per cent” | Per centum or percentage |
- 2.2 The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.
- 2.3 Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.
- 2.4 Any reference to a time of a day in the Scheme is a reference to Singapore time.
- 2.5 Any reference to a person shall include corporations.
- 2.6 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in the Scheme shall where applicable, have the same meaning assigned to it under the Act, the Listing Manual or any relevant laws of the Republic of Singapore or any modification thereof as the case may be, unless the context otherwise requires.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

3. OBJECTIVES OF THE SCHEME

- 3.1 The purpose of the Scheme is to provide an opportunity for employees of the Group to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Group. The Company believes that the implementation of the Scheme will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain Group employees as well as to achieve the following objectives:
- (a) to recognise and reward past contributions and services;
 - (b) to motivate Participants to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
 - (c) to retain key employees whose contributions are important to the long-term growth and success of the Group;
 - (d) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
 - (e) to attract potential employees with relevant skills and talents necessary to enhance the Group business; and
 - (f) to align the interests of the Participants with the interests of Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Scheme:
- (a) employees of the Company;
 - (b) employees of the Company's subsidiaries; and
 - (c) Controlling Shareholders or their associates who fall under (a) or (b) are eligible to participate in the Scheme, subject to Shareholders' approval for their participation as required under Rule 853 of the Listing Manual;

provided that, as of the relevant Offer Date, they have attained the age of twenty-one (21) years, have not entered into any compositions with their respective creditors and are not undischarged bankrupts, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group.

Non-executive Directors of the Company and its subsidiaries are not eligible to participate in the Scheme.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

4.2 Pursuant to Rule 853 of the Listing Manual, participation in the Scheme by any Controlling Shareholder or his Associate must be approved by the independent Shareholders at a general meeting and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders and/or their Associates any Options. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Scheme and grant of Options to them.

4.3 The terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee, subject to the Companies Act and any relevant rules under the Listing Manual.

5. MAXIMUM ENTITLEMENT

5.1 Subject to Rules 4, 11, and 13, the aggregate number of Shares in respect of which Option(s) may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Committee (such discretion to be exercised judiciously) which shall take into account, where applicable, criteria including but not limited to the Grantee's rank and responsibilities within the Group, performance, years of service or appointment, potential for future development of the Grantee and the performance of the Group.

6. GRANT AND ACCEPTANCE OF OPTIONS

6.1 Subject to Rules 4, 5 and 11, the Committee may offer to grant Options at any time in its absolute discretion during the period when the Scheme is in force except that for so long as the Shares are listed and quoted on SGX-ST, no Options shall be offered for grant during the period of two (2) weeks or one (1) month immediately preceding the date of announcement of the Company's interim or final results respectively and in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day following the release of such announcement.

6.2 An offer to grant an Option shall be made by way of a letter of offer in or substantially in the form set out in Appendix A-1, subject to such modification as the Committee may from time to time determine.

6.3 An Option shall be personal to the Grantee and shall not be transferred (other than to a Participant's personal representative on the death of that Participant in accordance with Rule 8.5), sold, mortgaged, charged, assigned, pledged or otherwise disposed of or encumbered, in whole or in part, in any way whatsoever except with the prior written approval of the Committee.

6.4 The offer to grant an Option under this Rule 6 may be accepted by the Grantee not later than 5.00 p.m. on the 30th day from such Date of Grant by completing, signing and returning an acceptance form in or substantially in the form set out in Appendix A-2, subject to such modification as the Committee may from time to time determine, accompanied by a payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require. Notwithstanding the aforesaid, the offer to grant an Option shall only be valid if, at the date on which the Company receives the aforesaid acceptance form from the Grantee, the Grantee remains eligible to participate in the Scheme in accordance with these Rules.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

- 6.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares.
- 6.6 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 6 which does not strictly comply with the terms of the Scheme.
- 6.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect if:
- (a) it is not accepted in the manner as provided in Rule 6.4;
 - (b) the Grantee dies prior to his acceptance of the Option;
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
 - (d) the Grantee, being an Employee, ceases to be in the employment of a Group Company or Associated Company for any reason whatsoever, prior to his acceptance of the Option;
 - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option; or
 - (f) one or more of the event(s) specified under Rule 8.3 occur.
- 6.8 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.

7. EXERCISE PRICE

- 7.1 Under the Scheme, the exercise price of Options granted will be determined by the Committee. Subject to any adjustment contemplated under the rules of the Scheme, the Committee may grant Options at an exercise price equal to either:
- (a) the Market Price of the Shares (a "**Market Price Option**"), which is the average of the last dealt prices for the five (5) consecutive Market Days immediately preceding the date on which the Option is granted; or
 - (b) subject to the approval of Shareholders in a separate resolution, at a discount not exceeding 20% of the Market Price of the Shares (a "**Discounted Option**").
- 7.2 In making any determination on whether to grant a Discounted Option and the quantum of such discount (up to a maximum of 20%), the Committee may, in its absolute discretion and on a case-by-case basis, take into consideration criteria which it deems appropriate including but not limited to the performance of the Group, the years of service and individual performance of a Participant, the individual Participant's effectiveness and contribution to the success and development of the Group and the prevailing economic and market conditions.

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7.3 The Company believes that the maximum discount of up to 20% of the Market Price of the Shares is sufficient to allow for flexibility in the Scheme, while minimising the potential dilutive effect arising from the Scheme.

8. PERIOD TO EXERCISE OPTION

8.1 Options granted shall expire 5 years from the Date of Grant.

8.2 Pursuant to Rule 847 of the Listing Manual, a Market Price Option shall only be exercisable after one (1) year from its Date of Grant, while a Discounted Option shall only be exercisable after two (2) years from its Date of Grant.

8.3 Any unexercised Option shall immediately lapse without any claim whatsoever against the Company and/or the Group in the event of:

- (a) a Participant's misconduct as determined by the Committee;
- (b) a Participant's bankruptcy or the happening of any event which deprives him of the legal or beneficial ownership of an Option; or
- (c) subject to Rule 8.4 and 8.5, a Participant ceasing to be in the employment of the Company or any Group Company for any reason whatsoever;

provided that (a) a Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date; and (b) no Option shall lapse in the event of any transfer of employment of a Participant within the Group.

8.4 Where the Participant ceases at any time to be in the employment of the Company or any Group Company by reason of:

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee; or
- (e) by reason of any other event approved in writing by the Committee,

the Participant may, at the absolute discretion of the Committee exercise any unexercised Option(s) within the relevant Exercise Period. Upon the expiry of such Exercise Period, the Option(s) shall immediately lapse and become null, void and of no effect.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

- 8.5 In the event of the death of a Participant who at the date of his death holds any unexercised Option(s), such Option(s) may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of such Participant within the relevant Exercise Period and upon the expiry of such period, the Option(s) shall immediately lapse and become null, void and of no effect.
- 8.6 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the rules of the Scheme.
- 8.7 The Committee may, by notification, provide for further restrictions on the period during which Options may be exercised whether by providing a schedule for the vesting of Shares comprised in the relevant Options or otherwise.

9. TAKE-OVER AND WINDING UP OF THE COMPANY

- 9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over offer being made for the Company, a Participant shall be entitled to exercise any unexercised Option held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, in the period commencing on the date on which such take-over offer is made, or if such take-over offer is conditional the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approval of the Committee and (if so required) the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
 - (b) the date of expiry of the Exercise Period relating thereto,

whereupon any unexercised Option shall lapse and become null, void and of no effect, provided that if during such period, the offeror becomes entitled or bound to exercise the rights of compulsory acquisition under the relevant regulatory provision or legislation and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Options shall remain exercisable by the Participants until the expiry of such specified date or the expiry of the respective Exercise Periods relating thereto, whichever is earlier. Any Options not so exercised shall lapse and become null and void provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Options shall, subject to Rule 8, remain exercisable until the expiry of the Exercise Periods relating thereto. For avoidance of doubt, the provisions of this Rule 9.1 shall not come into operation in the event that a take-over offer which is conditional does not become or is not declared unconditional.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but in any case not after the expiry of the Exercise Period relating thereto), whereupon any unexercised Option shall lapse and become null, void and of no effect.
- 9.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall at the date of such order or resolution lapse and become null, void and of no effect.
- 9.4 Notwithstanding Rule 8 but subject to Rule 9.5, in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company, give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the voluntary winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an unexercised Option may not, unless otherwise determined at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 If the events stipulated in this Rule 9 should occur and to the extent that an Option is not exercised within the respective periods referred to in this Rule 9, such Option shall lapse and become null, void and of no effect.

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10. EXERCISE OF OPTIONS, ALLOTMENT AND ISSUE OF SHARES

- 10.1 Subject to Rule 8, an Option may be exercised, in whole or in part (in accordance with Rule 6.5), by a Participant giving notice in writing to the Company in or substantially in the form set out in Appendix A-3, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by the remittance for the full amount of the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised, the relevant CDP charges (if any), any other applicable administrative or handling fees by SGX-ST or CDP, and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may the Company may deem acceptable.
- 10.2 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the Rules and the Constitution, the Company shall, within ten (10) Market Days (or such other period as may be permitted by the Listing Manual) from the date of exercise of an Option in accordance with Rule 10.1, allot and issue the relevant Shares and within five (5) Market Days from the date of such allotment and issue, deliver to CDP the relevant share certificates for the credit of the Securities Account or securities sub-account of that Participant by ordinary post or such other mode as the Committee may deem fit. The Company shall, if necessary, apply to the SGX-ST for permission to deal in, and for quotation of, such Shares as soon as practicable after the exercise of the Option.
- 10.3 Subject to the Companies Act and the Listing Manual rules, the Company shall have the flexibility to deliver Shares to Grantees upon the exercise of their Options by way of:
- (a) an allotment of new Shares; and/or
 - (b) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Grantees upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

- 10.4 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the Securities Account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 10.5 Shares allotted and issued on the exercise of an Option shall (i) be subject to all the provisions of the Constitution and the Companies' Act; and (ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

10.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. SIZE OF THE SCHEME

11.1 In accordance with Rule 845 of the Listing Manual, the aggregate number of Shares over which Options may be granted on any date under the Scheme, when added to the number of Shares issued/issuable or transferred/transferable in respect of:

- (a) all Options granted under the Scheme;
- (b) all Awards granted under the HLH Performance Share Plan 2017; and
- (c) all Shares, options or awards granted under any other share option or share scheme then in force,

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

11.2 In addition, the aggregate number of Shares over which Options may be granted under the Scheme to all Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Scheme, and the number of Shares over which an Option may be granted under the Scheme to each individual Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Scheme.

11.3 It should however be noted that this Rule 11 does not indicate that the Committee will definitely grant Options under the Scheme up to the abovementioned prescribed limits. The Committee will exercise its discretion in deciding the number and size of Options to be granted to each Participant under the Scheme.

12. DURATION OF THE SCHEME

12.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by the Company. Subject to compliance with any applicable laws and regulations, the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting of the Company and of any relevant authorities which may then be required.

12.2 The Scheme may be terminated at any time by the Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

12.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

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13. ADJUSTMENTS UNDER THE SCHEME

13.1 If a variation in the issued ordinary share capital of the Company (whether by way of rights issue, capital reduction, sub-division, consolidation of shares, distribution or otherwise) shall take place, then:

- (a) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised;
- (b) the class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
- (c) the class and/or number of Shares in respect of which additional Options may be granted pursuant to the Scheme,

shall be adjusted in such a manner as the Committee may determine to be appropriate, provided that adjustments other than on a capitalisation issue must be confirmed in writing by the Auditors (acting as experts and not as arbitrators) to be fair and reasonable.

13.2 Unless the Committee considers otherwise, the following shall not be regarded as events requiring adjustments:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) any issue of securities pursuant to any joint venture;
- (c) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares in the capital of the Company;
- (d) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (e) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX Main Board during the period when a share buy-back mandate granted by Shareholders (including any renewal of such mandate) is in force.

13.3 Notwithstanding the provisions of the Rules of the Scheme:

- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) no such adjustment shall be made unless the Committee, after considering all relevant circumstances considers it fair and reasonable to do so.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

13.4 Upon any adjustment required to be made pursuant to this Rule 13, the Company shall notify each Participant (or his duly appointed personal representative(s) where applicable) in writing and deliver to him (or his duly appointed personal representative(s) where applicable) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

14. ADMINISTRATION OF THE SCHEME

14.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred to it by the Board. A member of the Committee who is also a Participant of the Scheme shall abstain from deliberation in respect of the Options granted or to be granted to him/her.

14.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.

14.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
- (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the Committee made pursuant to any provision of the Scheme.

14.4 Any decision or determination of the Committee made as to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of the Scheme or any rule, regulation or procedure thereunder or as to any right under this Scheme).

15. NOTICES

15.1 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

15.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

15.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until confirmation of receipt by Company is given. Any notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 15.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

16. MODIFICATIONS TO THE SCHEME

16.1 The Scheme may be modified and/or altered at any time by resolution of the Committee, provided that:

- (a) any modification or alteration which shall adversely alter the rights attached to any Options granted prior to such modification or alteration and which, in the opinion of the Committee, materially alter the rights attaching to any Options granted prior to such modification or alteration shall only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (75%) of the total number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders in a general meeting; and
- (c) no modification or alteration shall be made without due compliance with the Listing Manual and such other relevant regulatory authorities as may be necessary.

16.2 Notwithstanding anything to the contrary contained in Rule 16.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).

16.3 Written notice of any modification or alteration made in accordance with this Rule 16 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

17. TERMS OF EMPLOYMENT UNAFFECTED

17.1 The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Group and/or Associated Companies directly or indirectly or give rise to any cause of action at law or in equity against the Group and/or Associated Companies.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

18. TAXES

- 18.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the relevant Options. All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Scheme.

19. COSTS AND EXPENSES

- 19.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.
- 19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

- 20.1 Notwithstanding any provisions herein contained, the Committee, the Company or its Directors shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event under or in connection with the Scheme, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or new Shares on the SGX-ST in accordance with Rule 10.2 (or if applicable, any other stock exchange on which the Shares are quoted or listed).

21. CONDITION OF OPTION

- 21.1 Every Option shall be subject to the condition that no Shares shall be issued and/or transferred pursuant to the exercise of an Option if such issue and/or transfer would be contrary to any applicable law or enactment, or any applicable rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLOSURE IN ANNUAL REPORT

- 22.1 The Company shall, for so long as the Scheme continues in operation, make the following disclosure in its annual report:
- (a) the names of the members of the Committee;

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
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- (b) the information required in the table below for the following Grantees (which for avoidance of doubt, shall include Grantees who have exercised all their Options in any particular Financial Year):
- (i) Participants who are Controlling Shareholders and their Associates; and
 - (ii) Participants, other than those in (b)(i) and (b)(ii) above, who receive 5% or more of the total number of Shares available under the Scheme;

Name of Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options outstanding as at end of financial year under review

- (c) the names of and number and terms of Options granted to each employee of the Company and its subsidiaries who receives 5% or more of the total number of Options available to all employees of such parent company and its subsidiaries under the Scheme, during the financial year under review;
- (d) the aggregate number of Options granted to the employees of the Company and its subsidiaries for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review;
- (e) the number and proportion of Options granted at a discount during the Financial Year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and
- (f) any other information required to be so disclosed pursuant to the Listing Manual Rules and all other applicable laws and requirements.

22.2 If any of the aforementioned disclosure requirements under Rule 22.1 are not applicable, an appropriate negative statement will be included in the annual report.

23. ABSTENTION FROM VOTING

23.1 Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

24. SHAREHOLDERS' APPROVAL

- 24.1 The participation of each Controlling Shareholder and each of his Associates in the Scheme must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Options (including the actual number and the terms of the Options to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

25. DISPUTES

- 25.1 Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

26. EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

- 26.1 No person other than the Company or a Grantee shall have any right to enforce any provision of the Scheme or any Option by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

27. COLLECTION, USE, AND DISCLOSURE OF PERSONAL DATA

- 27.1 For the purposes of implementing and administering the Scheme, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Letter of Offer and/or any other notice or communication given or received pursuant to the Scheme, and/or which is otherwise collected from the Participants (or their authorised representatives).
- 27.2 By participating in the Scheme, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with Scheme, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

28. GOVERNING LAW

- 28.1 The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

Appendix A-1

HLH EMPLOYEE SHARE OPTION SCHEME 2017

LETTER OF OFFER

Serial No.: _____

Date: _____

To: **[Name of Grantee]**
[Designation]
[Address]

PRIVATE AND CONFIDENTIAL

Dear Sir/Madam,

1. We are pleased to inform you that you have been nominated to participate in the HLH Employee Share Option Scheme 2017 (the “**Scheme**”) by the Committee (the “**Committee**”) appointed by the Board of Directors of HLH Group Limited (the “**Company**”) to administer the Share Option Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”) to subscribe for and be allotted _____ Shares at the price of S\$ _____ for each Share.
3. This Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.
4. The Option shall be subject to the terms of the Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on [date], failing which this offer will lapse.

Yours faithfully,

Name:

Designation:

For and on behalf of
HLH Group Limited

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

Appendix A-2

HLH EMPLOYEE SHARE OPTION SCHEME 2017

ACCEPTANCE FORM

Serial No.: _____

Date: _____

To: The Committee
HLH EMPLOYEE SHARE OPTION SCHEME 2017
HLH Group Limited
D’Kranji Farm Resort,
10 Neo Tiew Lane 2,
Singapore 718813.

Last date for acceptance of offer: _____

Number of shares offered: _____

Exercise price for each Share (S\$): _____

Total amount payable (S\$): _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the HLH Employee Share Option Scheme 2017 (the “**Scheme**”) referred to therein. I acknowledge that the terms defined in the Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares of HLH Group Limited (the “**Company**”) at S\$ _____ for each Share. I [enclose the payment of S\$1.00 for the purchase of the Option/authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option]*. (**delete as necessary*)

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or option to subscribe for such shares.

I also understand that I shall be responsible for all the fees of CDP, the Depository Agent or, if applicable, the CDP agent bank relating to or in connection with the allotment and issue or transfer of any Shares pursuant to the exercise of any Option in CDP’s name, the deposit of share certificate(s) with CDP, my securities account with CDP or my securities sub-account with a Depository Agent, or, if applicable, my CPF investment account with a CDP agent bank (collectively, the “**CDP charges**”).

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

PLEASE PRINT IN BLOCK LETTERS:

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

** delete as appropriate*

Notes:

1. Option must be accepted in full or in multiples of 100 shares
2. The Acceptance Form must be forwarded to the above address in an envelope marked "Private and Confidential".

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

Appendix A-3

HLH EMPLOYEE SHARE OPTION SCHEME 2017

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “ Shares ”) offered at S\$ _____ for each Share (the “ Exercise Price ”) under the Scheme on _____ (Date of Grant)	: _____
Number of Shares previously allotted thereunder	: _____
Outstanding balance of Shares to be allotted thereunder	: _____
Number of Shares now to be subscribed	: _____

To: The Committee
HLH EMPLOYEE SHARE OPTION SCHEME 2017
HLH Group Limited
D’Kranji Farm Resort,
10 Neo Tiew Lane 2,
Singapore 718813.

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in HLH Group Limited (the “**Company**”) at S\$ _____ for each Share.
2. I enclose a cheque/cashier’s order/banker’s draft/postal order no. _____ for S\$ _____ by way of subscription for the total number of said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Rules of the HLH Employee Share Option Scheme 2017 and the Constitution of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

* delete as appropriate

**APPENDIX A – RULES OF THE HLH EMPLOYEE SHARE
OPTION SCHEME 2017**

PLEASE PRINT IN BLOCK LETTERS:

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

*Direct Securities : _____
Account No. OR
*Sub-Account No.

*Name of Depository : _____
Agent OR *CPF
Investment Account No.

Name of Agent Bank : _____

Signature : _____

Date : _____

** delete as appropriate*

Notes:

1. Option can be exercise in full or in multiples of 100 shares
2. The Acceptance Form must be forwarded to the above address in an envelope marked "Private and Confidential".

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

HLH GROUP LIMITED

RULES OF THE HLH EMPLOYEE PERFORMANCE SHARE PLAN 2017

1. NAME OF THE PLAN

The Plan shall be called the “HLH Employee Performance Share Plan 2017”.

2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date” The date on which the Plan is adopted by the Company in general meeting

“Associates” (a) In relation to any director, chief executive officer, substantial shareholder or Controlling shareholder (being any 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; or

(iii) any company in which he and/or 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 an interest of 30% or more.

“Associated Companies” A company, other than a subsidiary of the Group, where the Company has control over.

“Auditors” The auditors of the Company for the time being

“Award” A contingent award of Shares granted under Rule 5

“Award Letter” A letter in such form as the Committee shall approve, confirming an Award granted to a Participant

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Committee”	The remuneration committee of the Company
“Companies Act”	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Company”	HLH Group Limited
“Constitution”	The Constitution of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company
“CPF”	The Central Provident Fund of Singapore
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 6
“Employee”	An employee of a Group Company or Associated Company, as the case may be
“Group”	The Company and its Subsidiaries
“Group Company”	A company within the Group
“Listing Manual”	The Listing Manual of the SGX-ST as may be amended, supplemented or modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“New Shares”	New Shares which may be allotted and issued from time to time pursuant to the Release of Awards granted under the Plan
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to the Release of that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The HLH Performance Share Plan 2017, as the same may be modified or altered from time to time in accordance with the Rules
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Rules”	Rules of the Plan
“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
“Shares”	Ordinary shares in the issued share capital of the Company
“Shareholders”	Registered holders of 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 and into whose Securities Accounts those Shares are credited
“Subsidiary”	A company being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

“Substantial Shareholder”	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company
“Treasury Shares”	Has the meaning ascribed to it in Section 4 of the Companies Act
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested or will Vest pursuant to Rule 7
“Vesting Period”	In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the Date of Grant, during which the Award has not yet Vested
“S\$”	Singapore Dollars
“%” or “per cent”	Per centum or percentage
2.2	The terms “Depositor” , “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.
2.3	Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.
2.4	Any reference to a time of a day in the Plan is a reference to Singapore time.
2.5	Any reference to a person shall include corporations.
2.6	Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in the Plan shall where applicable, have the same meaning assigned to it under the Act, the Listing Manual or any relevant laws of the Republic of Singapore or any modification thereof as the case may be, unless the context otherwise requires.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

3. OBJECTIVES OF THE PLAN

- 3.1 The Plan is a performance incentive scheme which will form an integral part of the Group's incentive compensation program.
- 3.2 The objectives of the Plan are as follows:
- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
 - (b) to retain and give recognition to key Employees whose contributions are essential to the long-term growth and profitability of the Group;
 - (c) to instil loyalty to, and reinforce a stronger identification by Participants with the long-term prosperity of, the Group;
 - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
 - (e) to align the interests of Participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 An Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Committee. Such person must:
- (a) be confirmed in his employment with a Group Company or an Associated Company;
 - (b) have attained the age of 21 years on or before the Date of Grant; and
 - (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.
- 4.2 Subject to Rule 4.3, and at the absolute discretion of the Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Plan if:
- (a) they meet the eligibility requirements as set out above;
 - (b) the necessary Shareholders' approvals pursuant to Rule 16 have been obtained; and
 - (c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied.
- 4.3 Pursuant to Rule 853 of the Listing Manual, participation in the Plan by any Controlling Shareholder or his Associate must be approved by the independent Shareholders at a general meeting and a separate resolution must be passed for each such person to approve the actual number and terms of the Awards to be granted to such person. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders and/or their Associates any Awards. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the Plan and grant of Awards to them.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

- 4.4 Non-executive Directors of the Company, its subsidiaries and/or any of its associated companies are not eligible to participate in the Plan.
- 4.5 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme implemented by any Group Company.
- 4.6 The eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period of each Award shall be determined at the absolute discretion of the Committee, which shall take into account, inter alia:
- (a) the financial performance of the Group; and
 - (b) criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group.
- 4.7 Performance Conditions to the vesting of Awards may be set by the Committee depending on the relevant Participant's particular job scope, responsibilities and circumstances.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rules 4 and 8, the Committee may grant Awards to Employees as the Committee may select in its absolute discretion, at any time during the period when the Plan is in force except that no grant of Awards shall be made during the period of two weeks or one month immediately preceding the date of announcement of the Company's interim or final results respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.
- 5.2 The Committee shall, in its absolute discretion, decide in relation to each Award:
- (a) the Participant;
 - (b) the Date of Grant;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the prescribed Vesting Period(s);
 - (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (f) in the case of a Performance-related Award, the Performance Period(s) and the Performance Condition(s). In this regard, when setting Performance Condition(s) and Performance Period(s), the Committee shall also take into account the individual performance of each Participant such as the Participant's length of service with the Group, achievements of past performance targets, the Participant's degree of contribution to the Group's performance and development and overall enhancement to Shareholders value. The Committee may also take into account the medium and long-term corporate objectives of the Group such as sales growth, growth in earnings and return on investment.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

- 5.3 The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,
- and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).
- 5.4 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award, inter alia, the following (where applicable):
- (a) the Date of Grant;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the prescribed Vesting Period(s);
 - (d) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.5 Participants are not required to pay for the grant of Awards.
- 5.6 An Award or Released Award shall be personal to the Employee to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

6. EVENTS PRIOR TO VESTING DATE

- 6.1 An Award, to the extent not yet Released, shall become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its directors or employees):
- (a) a Participant ceasing for any reason whatsoever to be in the employment of a Group Company or Associated Company (as the case may be) or in the event the company by which the Employee is employed ceases to be a company in the Group or an Associated Company (as the case may be);
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
 - (c) upon the death of a Participant;
 - (d) if a Participant commits a breach of any of the terms of his Award; and/or
 - (e) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of a Group Company and/or an Associated Company (as the case may be) on the date on which he gives or receives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the relevant Group Company or Associated Company (as the case may be)) withdrawn such notice. For the avoidance of doubt, no Award shall lapse pursuant to Rule 6.1(a) in the event of any transfer of employment of a Participant within the Group or to an Associated Company.

- 6.2 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7, and to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
 - (c) an order for the compulsory winding-up of the Company is made; or
 - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed or has been amended or waived in accordance with Rule 5.3, and the extent to which the Performance Condition (if any) has been satisfied or waived in accordance with Rule 5.3. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and if so, the extent to which it has been satisfied.
- 7.2 If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.2) shall be of no effect.
- 7.3 The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or waived in accordance with Rule 5.3 or exceeded. In making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant including changes in accounting methods, taxes and extraordinary events.
- 7.4 Subject to:
- (a) the Committee, in the case of a Performance-related Award, having determined that the Performance Condition has been satisfied within the Performance Period unless so waived in accordance with Rule 5.3;
 - (b) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
 - (c) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
 - (d) such consents (including any approvals required by the SGX-ST) as may be necessary;
 - (e) compliance with the terms of the Award, the Plan, and the Constitution;

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

- (f) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (g) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

the Company shall, upon the expiry of each Vesting Period in relation to an Award, release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- 7.5 Shares which are the subject of a Released Award shall be vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.4 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- 7.6 Where New Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares (if not already previously done).
- 7.7 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the Securities Account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.8 Upon the Release of an Award, New Shares which are allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, shall:
 - (a) be subject to all the provisions of the Constitution and the Companies Act; and
 - (b) rank in full for all entitlements, including any dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date and shall in all other respects rank *pari passu* with other Shares then in issue.

8. SIZE OF THE PLAN

- 8.1 In accordance with Rule 845 of the Listing Manual, the aggregate number of Shares over which Awards may be granted on any date under the Plan, when added to the number of Shares issued/issuable or transferred/transferable in respect of:
 - (a) all Options granted under the HLH Employee Share Option Scheme 2017;
 - (b) all Awards granted under the Plan; and
 - (c) all Shares, options or awards granted under any other share option or share scheme then in force,

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

- 8.2 The aggregate number of Shares over which the Committee may grant an Award to the Controlling Shareholders and their Associates under the Plan shall not exceed 25% of the Shares available under the Plan, and the number of Shares over which Awards may be granted under the Plan to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the Plan.

9. ADJUSTMENTS UNDER THE PLAN

- 9.1 In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may at the option of the Committee be adjusted in such manner as the Committee may determine to be appropriate.

- 9.2 Unless the Committee considers otherwise, the following shall not normally be regarded as a circumstance requiring adjustment under the provisions of this Rule 9:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) any issue of securities pursuant to any joint venture;
- (c) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquired new Shares in the capital of the Company;
- (d) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (e) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX Main Board during the period when a share buy-back mandate granted by Shareholders (including any renewal of such mandate) is in force.

- 9.3 Notwithstanding the provisions of Rule 9, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

- 9.4 Notwithstanding the provisions of the Rules of the Plan:
- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
 - (b) no such adjustment shall be made unless the Committee, after considering all relevant circumstances considers it fair and reasonable to do so.
- 9.5 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify each Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.
- 10. ADMINISTRATION OF THE PLAN**
- 10.1 The Plan shall be administered by the Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make or vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing or early expiry of any Award pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of the Plan or any rule, regulation or procedure thereunder or as to any right under this Plan).

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

11. NOTICES

- 11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to the Shareholders.
- 11.2 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.3 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.4 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until confirmation of receipt by Company is given. Any notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.3 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration and which in the opinion of the Committee materially alters the rights attaching to such Award except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without due compliance with the Listing Manual and prior approval of such other applicable regulatory authorities as may be necessary.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13. TERMS OF EMPLOYMENT UNAFFECTED

13.1 The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

13.2 The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Group and/or Associated Companies directly or indirectly or give rise to any cause of action at law or in equity against the Group and/or Associated Companies.

14. DURATION OF THE PLAN

14.1 The Plan shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.

14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. DISCLOSURE IN ANNUAL REPORT

15.1 The Company shall, for the duration of the Plan, make the following disclosure in its annual report:

- (a) the names of the members of the Committee;
- (b) the information as required in the table below in respect of Awards granted to the following Participants:
 - (i) Participants who also hold office as a director of a Group Company and/or an Associated Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (b)(i) and (b)(ii) above, who receive Awards comprising Shares representing 5% or more of the aggregate Shares available under the Plan

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review	Aggregate number of Shares comprised in Awards exercised since commencement of Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at end of financial year under review

- (c) the names of and number and terms of Awards granted to each employee of the Company and its subsidiaries who receives 5% or more of the total number of Awards available to all employees of such parent company and its subsidiaries under the Plan, during the financial year under review;
- (d) the aggregate number of Awards granted to the employees of the Company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review; and
- (e) any other information required to be disclosed pursuant to the Listing Manual and all other applicable laws and requirements.

15.2 If any of the aforementioned disclosure requirements under Rule 15.1 are not applicable, an appropriate negative statement will be included in the annual report.

16. SHAREHOLDERS' APPROVAL

16.1 The participation of each Controlling Shareholder and each of his Associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

17. ABSTENTION FROM VOTING

17.1 Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. Participants may act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

18. TAXES

- 18.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

19. COST AND EXPENSES

- 19.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the Release of any Awards shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

- 20.1 Notwithstanding any provisions herein contained, the Company, its Directors or the Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.6 (or if applicable, any other stock exchange on which the Shares are quoted or listed).

21. DISPUTES

- 21.1 Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Committee whose decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any rule, regulation, procedure thereunder or as to any rights under the Plan).

22. COLLECTION, USE, AND DISCLOSURE OF PERSONAL DATA

- 22.1 For the purposes of implementing and administering the Plan, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Award Letter and/or any other notice or communication given or received pursuant to the Plan, and/or which is otherwise collected from the Participants (or their authorised representatives).

APPENDIX B – RULES OF THE HLH PERFORMANCE SHARE PLAN 2017

22.2 By participating in the Plan, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with Plan, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

23. GOVERNING LAW

23.1 The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX C – SUMMARY OF THE PRINCIPAL TERMS OF THE BONDS

Issue Instrument	5.0% equity linked convertible bonds due 2020.
Principal Size of the Proposed Issue	An aggregate principal amount of \$20,000,000, comprising S\$16,000,000 to Bridge Roots Capital (“ Subscriber 1 ”) and S\$4,000,000 to Dato’ Dr. Ong Bee Huat (“ Subscriber 2 ”)
Issue Date	On the fifth Business Day immediately after the last of the conditions set out in Clause 7 of the Subscription Agreement is fulfilled or such other date as the Parties may agree in writing, such date being the Closing Date of the Bonds.
Maturity Date	The date falling 36 months from the date of the issue of the Bonds.
Issue Price	The amount equivalent to 100% of the principal amount of the Bonds.
Interest Rate	<p>5.0% per annum payable in arrears on 31 December in each year (each an “Interest Payment Date”) with first payment of interest being made on 31 December 2017 in respect of the period from (and including) the Closing Date to (but excluding) 31 December 2017 and the last payment of interest being made on the Maturity Date in respect of the period from (and including) 31 December 2019 to (but excluding) the Maturity Date.</p> <p>The Bonds shall cease to bear interest on conversion into Shares, unless, upon due surrender hereof, payment of principal is improperly withheld or refused or default is otherwise made in respect of any such payment and, in such event, interest will continue to accrue from the date of such withholding, refusal or default at the said rate up to but excluding the date on which payment in full of the principal thereof is made. In the event of a conversion of Bonds, all interest accrued on such Bond from the last Interest Payment Date will be payable upon conversion in respect of the period from (and including) the last Interest Payment Date to (and including) the date of conversion.</p>
Method of Issue	Privately placed to and purchased by the Subscriber. No offering circular or information memorandum will be issued by the Company for the proposed placement of the Bonds pursuant to section 272(B) of the SFA.
Form and Denomination	The Bonds are issued in registered form and are serially numbered.

APPENDIX C – SUMMARY OF THE PRINCIPAL TERMS OF THE BONDS

The Bonds	<p>Subject to the terms and conditions of the Subscriber Agreement, the Company agrees to issue, and the Subscriber agrees to subscribe for, the Bonds at the Issue Price on the fifth Business Day immediately after the last of the conditions set out in Clause 7 of the Subscriber Agreement is fulfilled or such other date as the Parties may agree in writing, such date being the Closing Date.</p>
Conversion Terms	<p>Subject to and upon compliance with the Conditions set out in Schedule 2 of the Subscription Agreement, any Bond may be converted into duly authorised and registered, validly allotted and issued, fully-paid and unencumbered Shares with all rights attached, at the option of the holder thereof, at any time commencing from the date falling after 12 months, from and including the respective dates on which they are issued and registered in accordance with the Subscription Agreement (the “Conversion Commencement Date”) up to the close of business (at the place where the Note is deposited for conversion, namely, Singapore) on the day falling one week prior to the Maturity Date (the “Conversion Period”).</p> <p>The number of Shares to which a Bondholder is entitled on conversion of the Bonds shall be determined by dividing the aggregate principal amount of the Bonds to be converted (as defined below) by the applicable Conversion Price (as defined below), determined as hereinafter provided, in effect on the relevant Conversion Date. The applicable accrued interest thereon up to the Conversion Date will be payable when due in accordance with clause 6.1 of the Subscription Agreement.</p> <p>Fractions of a Share will not be issued on conversion.</p> <p>The delivery of Shares upon the exercise of any right of conversion of any Bonds under these Conditions shall be effected by crediting the Securities Account designated by the holder of the relevant Bonds.</p> <p>The Company shall promptly take all necessary action to effect the delivery of Shares to be issued upon the exercise of any right of conversion under these Conditions.</p>

APPENDIX C – SUMMARY OF THE PRINCIPAL TERMS OF THE BONDS

In this Condition, the expression “**Shares**” means:

- (i) ordinary shares issued by the Company, together with shares of any class or classes resulting from any Stock Split, consolidation or re-classification thereof, which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, and
- (ii) fully-paid and unencumbered shares of any other class or classes in the share capital of the Company with all rights attached which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company.

The Bondholder shall exercise its Conversion Right by sending, via facsimile on a Business Day to the Designated Office at the holder’s own expense a completed notice of conversion in the form as set out in Schedule 3 (Part B) to the Subscription Agreement (the “**Conversion Notice**”), and then deliver or mail to the Designated Office an original completed and signed Conversion Notice together with the Bond Certificates by 5.30 pm Singapore time on the Business Day following the Conversion Date. The Company shall acknowledge receipt of the Conversion Notice by fax to the sender by 5.30 pm (Singapore time) on the Business Day following the Conversion Date. Failure of the Company to deliver such an acknowledgement shall not affect the validity of the Conversion Notice provided that the Bondholder shall retain a mechanical or electronically generated confirmation of the successful transmission of such fax.

If the Conversion Date falls on or before the record date for determining entitlement of Shareholders to any dividend or other distribution or of participation in any rights issue in respect of the Shares (notwithstanding the Conversion Date falling on the period of closure of register of members in connection with the determination of such entitlement), the converting Bondholder shall be entitled to a sum equal to any such dividend or other distribution to which he would have been entitled or to participate in such rights issue as if he had on that record date been such a Shareholder on record and the Company shall make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter.

APPENDIX C – SUMMARY OF THE PRINCIPAL TERMS OF THE BONDS

Conversion Price and adjustments

The price at which each Share shall be issued upon conversion (the Conversion Price) shall be, S\$0.01 per Share. The Conversion Price shall be subject to appropriate adjustments by the Company, such adjustments to be as determined by the Board, in the event of rights, bonus, consolidation or other capitalisation issues.

The Conversion Price will be subject to adjustments under certain events provided for in the Subscription Agreement in accordance with the following formula:

$$NCP = CP \times \frac{OSC}{NSC}$$

where:

NCP: is the new Conversion Price;

CP: is the Conversion Price

OSC: is the entire share capital of the Company immediately before such event;

NSC: is the entire share capital of the Company immediately after such event.

Such events of adjustment include, without limitation, consolidation or subdivision of the Shares, bonus issue, capitalisation or profits or reserves, rights issues and other issues to all Shareholders on a pro-rata basis and new issues of Shares of more than 10% of the Company's enlarged share capital other than a pro-rata basis. Any such adjustments shall be announced by the Company.

Non-redeemable

The Bonds are not redeemable. Upon maturity of the Bonds, the Company will make payment in full of the principal and any accrued interests in respect of the bonds if not converted.

Status of the Bonds

The Bonds constitute direct, unconditional and unsecured obligations of the Company, rank pari passu and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable Laws or regulations, equally with all other unsecured obligations of the Company from time to time outstanding.

Transfer of Bonds

The Bonds may be offered, sold, or otherwise transferred to any person or entity except to a director or substantial shareholder of the Company or any other person specified in the Listing Manual.

APPENDIX C – SUMMARY OF THE PRINCIPAL TERMS OF THE BONDS

Taxation	All payments of principal and interest by the Company in respect of the Bonds will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by the law of Singapore.
Governing Law	Singapore law.

**APPENDIX D – LETTER FROM PRICEWATERHOUSECOOPERS
CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS
IN RELATION TO THE PROPOSED ISSUE OF BONDS
AS AN INTERESTED PERSON TRANSACTION**

12 April 2017

The Independent Directors of HLH Group Limited
(deemed to be independent in respect of the Proposed Issue)

Dr Wang Kai Yuen	(Non-Executive Chairman and Independent Director)
Prof Wong Wen-Young, Winston	(Non-Executive Vice Chairman)
Dr Wong Jr. Winston	(Alternate Director to Prof Wong Wen-Young, Winston)
Mr Ong Jia Ming	(Executive Director)
Dr Chen Seow Phun, John	(Independent Director)
Dr Lee Kuo Chuen, David	(Independent Director)

Dear Sirs,

**THE PROPOSED ISSUE OF 5% CONVERTIBLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT
OF S\$20 MILLION TO BRIDGE ROOTS CAPITAL AND DATO' DR ONG BEE HUAT AS INTERESTED
PERSON TRANSACTIONS (THE "PROPOSED ISSUE")**

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("Shareholders") dated 12 April 2017 ("Circular").

1. INTRODUCTION

On 19 January 2017 (the "**Announcement Date**"), HLH Group Limited ("**HLH**" or "**Company**") announced that it has entered into subscription agreements dated 18 January 2017 ("**Subscription Agreements**") with each of Bridge Roots Capital ("**BR Capital**") and Dato' Dr Ong Bee Huat, Johnny ("**Dato' Ong**") (collectively, the "**Subscribers**") for convertible bonds with an aggregate principal amount of S\$20 million (the "**Convertible Bonds**").

Amongst other terms, the Proposed Issue is convertible into new ordinary shares in the capital of the Company ("**New Shares**") at a conversion price of S\$0.01 per New Share ("**Conversion Price**") to be issued to the Subscribers at the option of the Subscribers.

The Convertible Bonds will be issued to the Subscribers in the proportion as follows:

Subscriber	Principal Amount of the Convertible Bonds	New Shares (assuming full Conversion)
BR Capital	S\$16 million	1,600,000,000
Dato' Ong	S\$4 million	400,000,000
Total	S\$20 million	2,000,000,000

**APPENDIX D – LETTER FROM PRICEWATERHOUSECOOPERS
CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS
IN RELATION TO THE PROPOSED ISSUE OF BONDS
AS AN INTERESTED PERSON TRANSACTION**

Mr Joe Hsiang, Lin, a Non-Executive Director of the Company, is an executive founding partner of BR Capital. Dato' Ong is the Deputy Chairman, Executive Director, Chief Executive Officer and a controlling shareholder of the Company. As at the Latest Practicable Date, Dato' Ong has a direct shareholding interest of 1,000,000,000 Shares, representing approximately 15% of the Company's total issued Shares. As such, each of the Subscribers are deemed an interested person ("**Interested Person**"), and together with its respective associates, "**Interested Persons**") as defined under Rule 904(4) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**Listing Manual**") and the Proposed Issue is deemed an interested person transaction ("**Interested Person Transaction**").

In accordance with Rule 906 of the Listing Manual, Shareholders' approval must be obtained for any Interested Person Transaction of a value equal to, or more than 5% of the Company and its subsidiaries' (the "**Group**") latest audited net tangible asset ("**NTA**") or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5% of the Group's latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Listing Manual, the Interested Person and its associates are required to abstain from voting on the resolution approving the Interested Person Transaction. Pursuant to Chapter 9 of the Listing Manual, in the case of borrowings of funds from an Interested Person, the value of the Interested Person Transaction at risk to the issuer is the interest payable on the borrowing. Based on the Group's latest audited accounts for the financial year ended 31 December 2016, the Group's audited NTA is approximately S\$129.8 million as at 31 December 2016. Although the aggregate interest payable on the Convertible Bonds over its tenor would not exceed the 5% NTA threshold, for good order, the Company is seeking approval of the Company's independent shareholders ("**Independent Shareholders**" or "**Minority Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened. In addition, pursuant to Rules 812(2) and 824 of the Listing Manual, the Subscribers and their associates will abstain from voting on the Proposed Issue at the EGM in respect of their entire shareholdings in the Company.

In connection with the Proposed Issue, the Company has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") as the Independent Financial Adviser ("**IFA**") to the Directors of the Company who are considered independent to render an opinion on whether the Proposed Issue, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Mr Joe Hsiang, Lin, is a Non-Executive Director of the Company and Dato' Ong is the Deputy Chairman, Executive Director and Chief Executive Officer of the Company. As such, both Mr Joe Hsiang, Lin and Dato' Ong are deemed to be interested in the Proposed Issue. Save for Mr Joe Hsiang, Lin and Dato' Ong who will abstain from making any recommendation on the Proposed Issue as Directors of the Company, the remaining Directors, namely, Dr Wang Kai Yuen, Prof Wong Wen-Young, Winston, Mr Wong Jr. Winston (alternate Director to Prof Wong Wen-Young, Winston), Mr Ong Jia Ming, Dr Chen Seow Phun, John and Dr Lee Kuo Chuen, David are deemed to be independent for the purpose of the Proposed Issue ("**Independent Directors**").

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This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the terms of the Proposed Issue. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Issue and the recommendations of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed Issue as an Interested Person Transaction. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Issue, and we do not, by this Letter, warrant the merits of the Proposed Issue other than to express an opinion on whether the Proposed Issue as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Issue or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, presentations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (if applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the Proposed Issue, the Company and the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

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We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed Issue have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management, and the professional advisers (if applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 6 April 2017, being the Latest Practicable Date referred to in this Letter.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Issue. Such review or comments, if any, remain the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the Proposed Issue or if the Proposed Issue is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on publicly available information, disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed Issue which may be released by the Company after the Latest Practicable Date.

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In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Minority Shareholder or any specific group of Minority Shareholders. As each Minority Shareholder may have different investment objectives and profiles, we recommend that any individual Minority Shareholder or group of Minority Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the Proposed Issue as an Interested Person Transaction, without the prior written consent of PwCCF in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Issue as an Interested Person Transaction and their advice to the Minority Shareholders. The recommendation made to the Minority Shareholders in relation to the Proposed Issue as an Interested Person Transaction remains the responsibility of the Independent Directors.

Our opinion in relation to the Proposed Issue should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company was incorporated in Singapore in 1988 and listed on the SGX-Mainboard on 21 June 2000 under the name Hong Lai Huat Group Limited. It changed its name to HLH Group Limited on 15 June 2007. It is principally engaged in property development and agricultural activities. The property development division is engaged in investment and development of commercial and residential properties in Singapore and Cambodia. The property development division has successfully completed numerous projects in Singapore since 2001, and officially started its Cambodia property division in 2015 with the launch of its residential brand “CAMHOMES”, and its first overseas mixed development project called D’Seaview, a project with 737 residential units, 64 commercial units and a 98-room hotel, which will be built in the port city of Sihanoukville in Cambodia. As at the Latest Practicable Date, the Group had sold 260 residential units, and seven commercial units. The Group also owns D’Kranji Farm Resort in Singapore, an agri-tainment centre, integrating farm-stay experience and educational tours. The agriculture division is focused on the cultivation of cassava (tapioca) and production of tapioca starch and chips.

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As at the Announcement Date, the Company had an issued and paid-up share capital comprising 6,658,068,582 Shares. Based on the last transacted Share price of S\$0.01 prior to the Announcement Date and the outstanding Shares as at the Announcement Date, the market capitalisation of the Company was approximately S\$66.58 million. Based on the last transacted Share price of S\$0.009 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$59.92 million.

As at the Latest Practicable Date, the Company does not have any outstanding options, warrants and/or convertible securities which are exercisable into new Shares.

Review of Operating Results

We set out below a summary of the audited profit and loss statements of the Group for the financial years ended 31 December 2014 (“FY2014”), 2015 (“FY2015”) and 2016 (“FY2016”) which have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”):

S\$'000	<----- Audited ----->		
	FY2014	FY2015	FY2016
Revenue	6,800	5,724	6,905
Gross profit	3,648	4,456	6,020
Other income	4,128	12,802	7,530
Other expenses	(296)	(2,521)	(51)
Finance costs	(223)	(358)	(630)
Profit before taxation	1,678	7,367	5,203
Profit after taxation	927	5,303	4,640
Net profit attributable to owners of the Company	890	5,489	4,661

Source: Company's Annual Reports for FY2014, FY2015 and FY2016

FY2015 vs FY2014

Revenue decreased by S\$1.1 million, or 15.8%, from S\$6.8 million in FY2014 to S\$5.7 million in FY2015, primarily due to a one-off recognition of revenue in FY2014 for the sale of corn stock amounting to approximately S\$2.0 million. The decrease in revenue is partially offset by the increase in income amounting approximately to S\$0.9m in FY2015 from its co-operation agreement in relation to the cultivation, processing and production of cassava in Cambodia with Zhong Fu International Investment (Cambodia) Ltd.

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Profit after taxation increased by S\$4.4 million, or 472%, from S\$0.9 million in FY2014 to S\$5.3 million in FY2015, due mainly to an increase in gross profit of S\$0.9 million, from S\$3.6 million in FY2014 to S\$4.5 million in FY2015; and an increase in other income which grew by S\$8.7 million from S\$4.1 million in FY2014 to S\$12.8 million in FY2015 due to an increase in foreign exchange gain amounting to S\$2.1 million and an increase in fair value gain on investment property amounting to S\$6.6 million. These were offset by other expenses increasing by S\$2.2 million from S\$0.3 million in FY2014 to S\$2.5 million in FY2015 due to the impairment of a quoted security amounting to approximately S\$0.2 million, and impairment of assets and obsolete stock of S\$2.0 million.

Net profit attributable to owners of the Company for FY2015 was S\$5.5 million compared to S\$0.9 million in FY2014.

FY2016 vs FY2015

Revenue increased by S\$1.2 million, or 20.6%, from S\$5.7 million in FY2015 to S\$6.9 million in FY2016, primarily due to an increase in income amounting to S\$1.0 million in FY2016 from its co-operation agreement in relation to the cultivation, processing and production of cassava in Cambodia with Zhong Fu International Investment (Cambodia) Ltd.

Profit after taxation decreased by S\$0.6 million, or 12.5%, from S\$5.3 million in FY2015 to S\$4.6 million in FY2016, due mainly to other income decreasing by S\$5.3 million, from S\$12.8 million in FY2015 to S\$7.5 million in FY2016 due mainly to the lower fair value gain on investment properties, which decreased from S\$10.0 million in FY2015 to S\$5.4 million in FY2016. This was offset by an increase in gross profit of S\$1.6 million, from S\$4.4 million in FY2015 to S\$6.0 million in FY2016 due to the higher revenue growth; as well as a decrease in other expenses of S\$2.5 million due to the absence of impairment and obsolescence in FY2016.

Net profit attributable to owners of the Company for FY2016 was S\$4.7 million compared to S\$5.5 million in FY2015.

Review of Financial Position

A summary of the latest available audited financial position of the Group as at 31 December 2016 is set out below:

Audited	
S\$'000	As at 31 December 2016
<u>Non-current assets</u>	
Property, plant and equipment	35,619
Investment properties	89,448
<u>Current assets</u>	
Development properties	19,902
Inventories	687

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S\$'000	Audited As at 31 December 2016
Trade receivables	7,837
Other receivables and deposits	920
Prepayments	253
Advances to a non-controlling shareholder	16
Investment securities	2
Cash and short-term deposits	6,746
Total assets	161,430
<u>Non-current liabilities</u>	
Deferred tax liabilities	14,891
Loans and borrowings	4,530
Other payables and accruals	7,803
<u>Current liabilities</u>	
Trade payables	1,459
Other payables and accruals	1,183
Provision for taxation	36
Loans and borrowings	1,783
Total liabilities	31,685
Total equity / Net tangible assets ("NTA")	129,745

Source: Company's Annual Report for FY2016

As at 31 December 2016

As at 31 December 2016, the audited shareholders' equity and NTA of the Group of S\$129.75 million was represented by S\$161.43 million in total assets and S\$31.69 million in total liabilities. Total assets were represented by 77.5% in non-current assets and 22.5% in current assets. Investment properties (71.5% of non-current assets) and property, plant and equipment (28.5% of non-current assets) made up the total non-current assets, while development properties (54.7% of current assets), trade receivables (21.6% of current assets), and cash and short-term deposits (18.6% of current assets) made up the majority of current assets. 85.9% of the Group's liabilities are made up of non-current liabilities, with these liabilities in deferred tax liabilities (47.0% of total liabilities), other payables and accruals (24.6% of total liabilities) and loans and borrowings (14.3% of total liabilities). Total equity consisted of S\$94.6 million in share capital and S\$35.2 million in reserves comprising mainly asset revaluation and foreign currency translation reserves and accumulated losses.

We note that the majority of the assets of the Group comprise mainly property, plant and equipment, investment properties and development properties. These assets, which in aggregate accounted for S\$144.97 million, accounted for approximately 89.8% of the total assets of the Group as at 31 December 2016. As such, we set out these classes of assets in greater detail below:

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Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

Investment properties

The Group has significant investment properties relating to land and property held in Singapore and Cambodia. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met. Investment properties are initially measured at cost, including transactions costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Development properties

In addition, the Group has a significant development property project, D'Seaview, in Cambodia. Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The revenue arising from the D'Seaview project is recognised based on the completed contract method. Accordingly, initial deposits from units sold in D'Seaview is recorded under "other payables and accruals" in the liabilities section of the Group's Balance Sheet. Income from the sale of these units will be recognised only after the construction of the D'Seaview project is completed. As a result, this may contribute to variances in the financial performance of the Group from year to year.

3.2 Highlights of previous fund raising activities by the Group over the past two years

In light of the Company's working capital requirements for its property development and agricultural businesses in Cambodia, the Company had undertaken various fund raising exercises including a rights issue of Shares and placements of Shares to fund its operations besides existing debt facilities.

A summary of the recent fund raising exercises is set out below for your information.

2015

Rights Issue

On 23 December 2015, the Company announced a renounceable non-underwritten rights issue of up to 1.978 billion new ordinary shares in the capital of the Company (the "**Rights Shares**"), at an issue

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price of S\$0.006 for each Rights Shares, on the basis of one Rights Share for every two existing ordinary shares in the capital of the Company held by the shareholders of the Company (the “**Rights Issue**”). The Rights Issue was made pursuant to the authority granted under the terms of the general share issue mandate approved by Shareholders at the annual general meeting (“**AGM**”) of the Company held on 20 April 2015. The issue price of S\$0.006 represented a discount of approximately 40% from the last transacted price of S\$0.010 per Share on 23 December 2015, being the last trading day of the Shares prior to the announcement.

On 14 April 2016, the Company announced valid acceptances and excess applications for a total of 1.601 billion Rights Shares, representing 80.91% of the 1.978 billion Rights Shares available under the Rights Issue. Based on the 80.91% acceptance level, the Company intends to utilise the net proceeds of approximately S\$9.3 million as follows: (i) S\$5.5 million (59% of net proceeds) for the repayment of loans and advances to PH-One Development (Cambodia) Limited, a wholly-owned subsidiary of the Company, in relation to the purchase of land in Cambodia for the expansion of the Group’s property business in Cambodia, and (ii) S\$3.8 million (41% of the net proceeds) for general working capital of the Group, particularly for the expansion of its property development business in Cambodia. The Rights Issue was completed on 19 April 2016.

The net proceeds from the Rights Issue were fully applied in accordance with the intended purposes as announced by the Company.

2016

August 2016 Placement

On 23 August 2016, the Company announced that it had entered into a share subscription agreement with Mr Goi Kok Neng, for the issuance and allotment of 600 million new shares for a sum of S\$3.6 million, at an issue price of S\$0.006 for each new share (“**August 2016 Placement**”). The Company will allot and issue the new shares pursuant to the general share issue mandate granted by shareholders at the AGM held on 25 April 2016.

The issue price of S\$0.006 is equivalent to the volume weighted average price of S\$0.006 for trades done on the shares on SGX-ST on 19 August 2016, being the full market day preceding the execution of the share subscription agreement.

The gross proceeds raised from the share subscription of S\$3.6 million will be used for general working capital purposes. The new shares were allotted and issued on 27 September 2016.

The gross proceeds from the August 2016 Placement were fully applied in accordance with the intended purposes as announced by the Company.

October 2016 Placements

On 11 October 2016, the Company announced that it had entered into share subscription agreements with Seven Voyagers Capital Ltd (“**Seven Voyagers**”) and Persistent Asset Trading Fund SPC – Persistent Asset Asia SP (“**Persistent Asset Asia**”), for the issuance and allotment of 250 million new

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shares to Seven Voyagers and 250 million new shares to Persistent Asset Asia, for an aggregate sum of S\$4.5 million, at an issue price of S\$0.009 for each new share (“**October 2016 Placements**”). The Company will allot and issue the new shares pursuant to the general share issue mandate granted by shareholders at the AGM held on 25 April 2016.

The issue price of S\$0.009 represents a discount of 10% to the volume weighted average price of S\$0.01 for trades done the shares on SGX-ST on 10 October 2016, being the full market day preceding the announcements of the share subscription agreements.

The gross proceeds raised from the share subscription of S\$4.5 million will be used for general working capital purposes. The new shares were allotted and issued on 8 November 2016.

The gross proceeds from the October 2016 Placements were fully applied in accordance with the intended purposes as announced by the Company.

2017

On the Announcement Date, the Company announced the Proposed Issue. Please refer to paragraph 1 of this Letter for further details on the Proposed Issue.

The following table summarizes the change in the number of issued Shares arising from the above fund raising activities up to the Latest Practicable Date:

Date	Fund raising	Number of new Shares issued	Cumulative number of Shares
April 2015	Listing and quotation for the Rights Shares pursuant to the Rights Issue	1,600,857,253	5,558,068,582
September 2016	Allotment and issue of the new Shares pursuant to the August 2016 Placement	600,000,000	6,158,068,582
November 2016	Allotment and issue of the new Shares pursuant to the October 2016 Placements	500,000,000	6,658,068,582
As at the Latest Practicable Date			6,658,068,582

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4. SALIENT TERMS OF THE CONVERTIBLE BONDS

The details of the Convertible Bonds are set out in Section 8 and Appendix C to the Circular. A summary of the key terms of the Convertible Bonds is set out below for your reference:

4.1 Convertible Bond Subscription Agreements

Issue Size	Aggregate principal amount of S\$20 million, of which: (a) S\$16 million will be issued to BR Capital; and (b) S\$4 million will be issued to Dato' Ong.
Issue Price	100% in aggregate principal amount of the Convertible Bonds
Conversion Price	The Convertible Bonds can be converted into the New Shares based on the Conversion Price of S\$0.01 per Share, subject to adjustments to be determined by the Board, in the event of rights, bonus, consolidation or other capitalisation issues. The Conversion Price was determined by the Company and the Subscribers after arm's length negotiations with reference to the recent trading prices of the Shares and prospects of the Group.
Conversion Period	Convertible at the option of the holder of the Convertible Bonds, at any time commencing from the date falling after 12 months from the issue date of the Convertible Bonds to the close of business one week before the date falling three years from the issue date of the Convertible Bonds (" Conversion Period ").
Interest	The Convertible Bonds will bear interest at the rate of 5% per annum, payable annually in arrears on 31 December in each year.
Status of the Convertible Bonds	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking <i>pari passu</i> and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations of the Company from time to time outstanding.
Status of the New Shares	The New Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank <i>pari passu</i> in all respects with all other then existing Shares, except that such New Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the conversion date of the Convertible Bonds, and will be admitted for listing on the SGX-ST. Upon issuance, the New Shares will not be subject to any moratorium period.

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Maturity Date / Tenor of the Convertible Bond	Unless previously converted, the Convertible Bonds will mature on the date falling three years from its issue date.
Non-redeemable / Final Redemption	Unless previously converted, the Convertible Bonds will be redeemed on the Maturity Date at 100% of their principal amount plus accrued interest. There is no early redemption of the Convertible Bonds at the option of the Company during the tenor of the Convertible Bonds.
Transferability	The Convertible Bonds may be offered, sold or otherwise transferred to any person or entity except to a Director or Substantial Shareholder of the Company or any other person specified in the Listing Manual.
Listing	The Convertible Bonds will not be listed and/or quoted on the SGX-ST or on any other stock exchange.
Governing Law	Laws of Singapore.

4.2 Conditions Precedent of the Proposed Issue

The Convertible Bonds Subscription Agreements are conditional upon the fulfilment of conditions precedent with six months from the date of the Convertible Bonds Subscription Agreements, including but not limited to, the following:

- (a) Independent Shareholders approving, *inter alia*, the issue of the Convertible Bonds to the Subscribers and the allotment and issue of the New Shares upon conversion of the Convertible Bonds; and
- (b) The Company obtaining all necessary approvals and/or consents of all requisite regulatory authorities, including, *inter alia*, the approval in-principle of the SGX-ST for the listing and quotation on the Official List of the SGX-ST of the New Shares and the fulfilment of other relevant terms and conditions (if any) of the said approval by the SGX-ST.

The New Shares arising from the conversion of the Convertible Bonds are intended to be listed and quoted on the SGX-ST. The SGX-ST has, on 6 April 2017, granted its in-principle approval for, *inter alia*, the listing of and quotation for the New Shares subject to conditions as set out in Section 8.2 of the Circular. Shareholders should note that the in-principle approval from the SGX-ST is not to be taken as an indication of the merits of the Proposed Issue, the New Shares, the Company or its subsidiaries.

The relevant number of New Shares to be issued on conversion of a Convertible Bond will be determined by dividing the relevant principal amount of the Convertible Bonds to be converted by the Conversion Price. Based on the Conversion Price of S\$0.01 and assuming no adjustments to the Conversion Price, the maximum number of Conversion Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, is 2,000,000,000 New Shares, representing approximately 30.0% of the issued share capital of the Company as at the Latest Practicable Date and approximately 23.1% of the issued share capital of the Company on an enlarged basis, assuming the full conversion of the Convertible Bonds (“**Maximum Enlarged Share Capital**”).

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4.3 Adjustments and Modifications

In compliance with Rules 829 and 830 of the Listing Manual, the Company will:

- (a) announce any adjustment made to the Conversion Price and/or number of the Convertible Bonds, in the event of rights, bonus or other capitalisation issues;
- (b) announce the Maturity Date, and a notice of the maturity will be sent to the Bondholders at least one (1) month before the Maturity Date; and
- (c) obtain Shareholders' approval at a general meeting of the Shareholders for any material modification to the terms of the Convertible Bonds which is for the benefit of the Subscribers, unless such modification is made pursuant to the terms of the Convertible Bonds.

4.4 Information on the Subscribers

Information on the Subscribers is set out below:

BR Capital

BR Capital is a Taiwan domiciled opportunity or situation driven private equity fund targeting growth or merger and acquisition opportunities in Greater China and South East Asia. BR Capital's primary investment objective is to achieve medium to long term capital appreciation through flexible investment strategies across various industries and sectors. Mr Joe Hsiang, Lin, the Company's Non-Executive Director, is a founding partner of BR Capital and does not hold any shares or investment interests in BR Capital.

Pursuant to the Convertible Bond Subscription Agreement, BR Capital has represented to the Company that, in compliance with Rule 803 of the Listing Manual, there will be no conversion of the Conversion Bonds to transfer a controlling interest in the Company without the prior approval of the Shareholders in a general meeting.

Dato' Ong

Dato' Ong is the Deputy Chairman, Executive Director and Chief Executive Officer as well as a controlling Shareholder of the Company.

Interest of the Subscribers in the Company

As at the Latest Practicable Date, Dato' Ong is the single largest controlling Shareholder of the Company, holding 1,000,000,000 Shares representing approximately 15% of the total number of issued Shares amounting to 6,658,068,582 Shares.

The other Subscriber, BR Capital, does not hold any Shares or any options or securities convertible into Shares, save for the subscription of its Convertible Bonds pursuant to the Proposed Issue.

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Please refer to Section 8.3 of the Circular for further information on the Subscribers.

5. EVALUATION OF THE PROPOSED ISSUE

In our evaluation of the Proposed Issue, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Issue and the use of proceeds;
- (b) assessment of the terms of the Proposed Issue;
- (c) financial effects of the Proposed Issue;
- (d) dilution impact of the Proposed Issue on the Independent Shareholders; and
- (e) other relevant considerations which may have a significant bearing on our assessment of the Proposed Issue.

The figures and underlying financial data used in our analyses in this section of this Letter have been extracted from, amongst others, Bloomberg L.P., SGX-ST, the publicly available financial information of the Company and relevant public documents of the Company covered by those sources as at the Latest Practicable Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We note that the accounting standards used by the respective comparable companies may be different. The differences between the accounting standards used by the Company and the comparable companies may therefore render comparisons between these companies less useful than if they all used the same accounting standards.

5.1 Rationale for the Proposed Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Issue or the future prospects of the Group after the Proposed Issue. Nevertheless, we have reviewed the rationale for the Proposed Issue. The full text of the rationale for the Proposed Issue and its use of proceeds are set out in Section 8.6 of the Circular.

The estimated net proceeds from the Proposed Issue, after deducting estimated expenses of approximately S\$100,000 and assuming the full issue of the Convertible Bonds, is approximately S\$19.9 million (“**Net Proceeds**”). The Group intends to use the entire Net Proceeds towards the construction cost of the D'Seaview project, a mixed property development project in Cambodia.

Pending the deployment of the Net Proceeds for the purposes as set out above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market and/or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

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We understand from the Management that the deployment of the Net Proceeds primarily relates to, in particular, the partial payment to the third-party main contractor for the construction of the D'Seaview project. In addition, the Group has also obtained an indicative offer from Maybank (Cambodia) Co. Ltd to provide a term loan to part finance the site development and construction cost of the D'Seaview project.

5.2 Assessment of the terms of the Proposed Issue

The Conversion Price of the Convertible Bonds is S\$0.01 per New Share.

The Convertible Bonds can be convertible at the option of the Subscriber, at any time commencing from the date falling after 12 months from the issue date of the Convertible Bonds to the close of business one week before the date falling three years from the issue date of the Convertible Bonds.

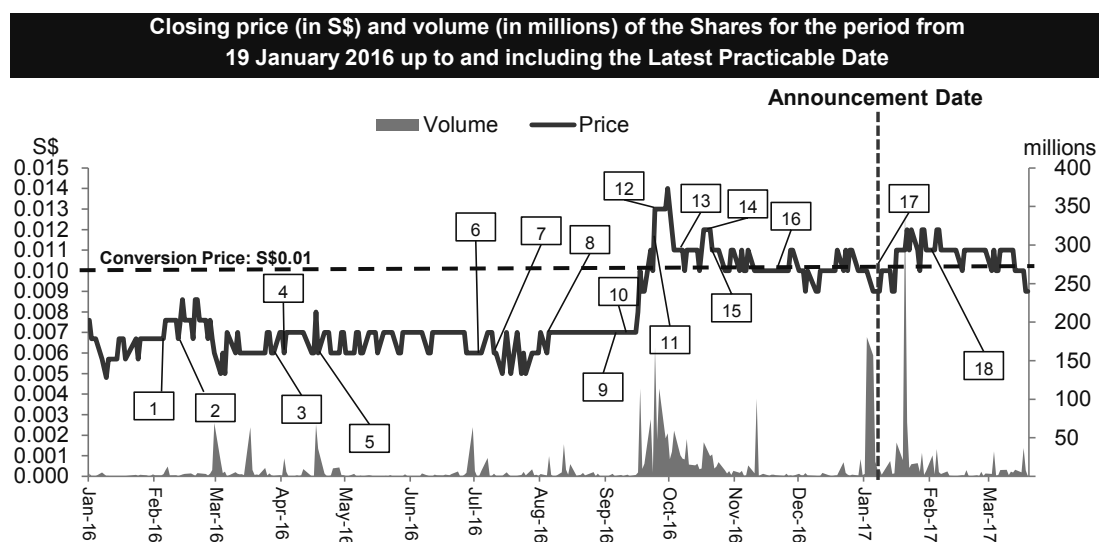
- (1) In assessing the Conversion Price in particular, we have considered the historical trading performance of the Shares;
- (2) We have considered the Conversion Price relative to the Group's historical book NTA;
- (3) In addition, we have also compared the salient terms of the Proposed Issue with the salient statistics of selected unlisted convertible bonds issues by companies listed on the SGX-ST; and
- (4) We also compared the interest rate of the Convertible Bonds with the Group's existing debt facilities.

5.2.1 Historical share price performance of the Shares

In assessing the reasonableness of the Conversion Price from a financial point of view, we have taken into consideration the historical share price performance and trading volume of the Company over a reasonable period of time, based on the assumption that the stock market provides an efficient mechanism by which such price expectations may be expressed. We wish to highlight that under ordinary circumstances, the market valuation of shares traded on a recognised stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time. Therefore, this analysis serves as an illustrative guide only.

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We set out a chart below which shows the trend of the daily closing prices and the volume traded for the Shares from 19 January 2016 (being the 12-month period preceding the Announcement Date) and up to and including the Latest Practicable Date (“Period Under Review”):



Source: Bloomberg L.P. and the Company’s announcements on SGX-ST

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

Reference Period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/(discount) of Issue Price over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as % of free float ⁽⁴⁾
<u>Prior to the Announcement Date</u>							
Last 1 year	0.0140	0.0048	0.0096	3.7%	248	8,662	0.19%
Last 6 months	0.0140	0.0050	0.0106	(6.0%)	127	12,804	0.29%
Last 3 months	0.0140	0.0090	0.0111	(9.8%)	63	11,849	0.27%
Last 1 months	0.0110	0.0090	0.0101	(0.5%)	21	3,527	0.08%
18 January 2017 (being the date of the Convertible Bond Subscription Agreements)	0.0110	0.0100	0.0109	(8.6%)	1	1,700	0.04%
19 January 2017 (being the Announcement Date)	0.0100	0.0100	0.0100	0.0%	1	3,127	0.07%
<u>After the Announcement Date</u>							
From 20 January 2017 to the Latest Practicable Date	0.0120	0.0090	0.0106	(5.3%)	53	22,791	0.51%
As at the Latest Practicable Date	0.0090	0.0090	0.0090	11.1%	1	50	n.m. ⁽⁵⁾

Source: Bloomberg L.P.

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Notes:

- (1) The volume-weighted average price (“**VWAP**”) for the respective periods are calculated based on the daily VWAP turnover divided by the VWAP volume as extracted from Bloomberg L.P. Off market transactions are excluded from the calculation.
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period.
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of market trading days during that period.
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purposes of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 4.47 billion Shares based on the free float of 67.1% as disclosed in the Company's FY2016 Annual Report.
- (5) n.m. denotes not meaningful.

In view of the low absolute trading prices of the Shares, with a VWAP of approximately S\$0.01 for the respective reference periods within the Period Under Review, each minimum one bid size price movement of S\$0.001 in the Shares has a very significant effect in percentage terms. As an illustration, a price movement upwards in the share price from S\$0.01 to S\$0.011 would result in a 10% increase in percentage terms and conversely a share price movement downwards from S\$0.011 to S\$0.01 would result in a 9.1% decrease in percentage terms. As such, in view of the low absolute trading prices of the Shares and the minimum bid size of S\$0.001, each minimum bid size movement has a significant effect on the Share price in percentage terms. The significant premia/discounts of the Conversion Price to the relevant benchmark Share prices should therefore be read in perspective.

We observed the following with regards to the Share price performance for the Period Under Review:

- (i) For the first part of the Period Under Review, the Shares were trading below the Conversion Price until October 2016 when the Share price rose above the Conversion Price. Thereafter, during the second part of the Period Under Review, the Shares were trading at or around the Conversion Price. Over the 1-year period prior to the Announcement Date, the Shares have traded between a low of S\$0.0048 and a high of S\$0.0140. The Conversion Price represent a premium of S\$0.0052 (or 108.3%) above and a discount of S\$0.0040 (or 28.6%) to the lowest and highest transacted prices of the Shares, respectively. We note that the Rights Shares issued at S\$0.006 were listed in April 2016. In addition, the October 2016 Placement was announced in October 2016, around the period when the Share price increased to a high of S\$0.0140 on 18 October 2016;
- (ii) The Conversion Price represents a premium of 3.7% and a discount of 6.0%, 9.8% and 0.5% over the VWAP of the shares for the 1-year, 6-month, 3-month and 1-month periods, prior to the Announcement Date, respectively;
- (iii) The Conversion Price is at the last transacted price of the Shares of S\$0.0100 on 18 January 2017 and 19 January 2017, being the date of the Convertible Bonds Subscription Agreements and the Announcement Date, respectively; and

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- (iv) Since 20 January 2017 (the first trading date after the Announcement Date) and up to the Latest Practicable Date, the Shares generally traded between S\$0.0090 and S\$0.0120. As at the Latest Practicable Date, the Conversion Price represented an 11.1% premium over the last transacted price of S\$0.0090.

We observed the following with regards to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the Announcement Date, the Shares had traded almost on a daily basis. However, trading liquidity on the Shares was low. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the Announcement Date, represented only 0.19%, 0.29%, 0.27%, 0.08% of the free float of the Shares, respectively;
- (ii) During the period following the Announcement Date and up to the Latest Practicable Date, the average daily trading volume on the Shares was slightly higher at approximately 22.8 million Shares, representing 0.51% of the free float of the Shares. However, the value of these daily trades is low in view of the low absolute value of the Shares and the more than four billion Shares that constitute the Company's free float.

A summary of the salient announcements on key corporate developments by the Company during the Period Under Review is set out below:

No.	Date	Event Description
1	23 February 2016	The Company announced its full year unaudited financial statements for the period ended 31 December 2015. There was no dividend declared for the period.
2	29 February 2016	The Company announced that it applied to SGX-ST to seek approval for a 6-month extension to comply with the minimum trading price requirement under Rule 1131(2) of the Listing Manual of the SGX-ST, which requires issuers listed on the Mainboard of the SGX-ST to maintain a minimum share price of S\$0.20 per share as a continuing listing requirement. The Company intends to comply with the minimum trading price requirement and is currently evaluating options available to the Company to comply with the requirement and will make the announcement(s) when appropriate.
3	14 April 2016	The Company announced that it has received 80.91% acceptance level on the Rights issue, with 1,600,857,253 new Shares, at an issue price of S\$0.006 per Rights Share.

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No.	Date	Event Description
4	19 April 2016	<p>The Company announced that 1,600,857,253 Rights Shares were allotted and issued by the Company pursuant to the Rights Issue and that the 1,600,857,253 Right shares will be listed and quoted on the Main Board of the SGX-ST with effect from 9.00am on 19 April 2016, and trading of the Rights Shares is expected to commence then.</p> <p>The Company issued a press release announcing that it has successfully upgraded its existing 10,000 hectare farm in the Kampong Speu Province in Cambodia to become a full-scale Agriculture Park, which covers the cultivation and processing of cassava into cassava chips and cassava starch.</p> <p>In the same press release, the Company also announced its intention of opening four agriculture collection centers in four Cambodian provinces by end-2016, with the purpose of collecting fresh cassava.</p>
5	9 May 2016	The Company announced its first quarter unaudited financial results for the period ended 31 March 2016.
6	21 July 2016	<p>The Company announced that it has awarded the construction project of D'Seaview in Sihanoukville, Cambodia to Yanjian Group (Cambodia) Co., Ltd for US\$36.8 million.</p> <p>Yanjian Group (Cambodia) Co., Ltd is a subsidiary of Yanjian Group Co., Ltd, which is the global engineering and construction company that was listed as the Top 250 Global Contractors in the Engineering News-Record Magazine in 2015.</p>
7	2 August 2016	The Company announced its second quarter / half yearly unaudited financial results for the period ended 30 June 2016.
8	22 August 2016	The Company announced that it has entered into a share subscription agreement with Mr Goi Kok Neng, pursuant to which the Company shall allot and issue 600 million new ordinary shares to Mr Goi Kok Neng, for the sum of S\$3.6 million, at an issue price of S\$0.006 for each subscription share (August 2016 Placement).
9	21 September 2016	<p>The Company announced that Yanjian Group (Cambodia) Co., Ltd and the Company have mutually entered into a termination agreement on the basis that Yanjian Group (Cambodia) Co., Ltd was unable to comply with terms set forth in the contract.</p> <p>The Company announced that it has awarded the construction project of D'Seaview to Sinohydro Corporation Limited for US\$35.3 million.</p> <p>Piling works for the D'Seaview project was completed and the</p>

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No.	Date	Event Description
		construction of the project is still in progress.
10	27 September 2016	The Company announced the completion of the August 2016 Placement.
11	12 October 2016	The Company announced that it has entered into share subscription agreements with Seven Voyagers and Persistent Asset Asia for the allotment and issuance of an aggregate of 500 million new ordinary shares for the sum of S\$4.5 million, at an issue price of S\$0.009 for each subscription share (October 2016 Placements).
12	17 October 2016	<p>The Company announced that Dato' Ong, its Deputy Chairman and Chief Executive Officer, has transferred by way of gift of 342,003,150 shares, which constitute a portion of his own shareholdings in the Company to his son, Mr Ong Jia Ming. With the receipt of the gift, Mr Ong Jia Ming became a substantial shareholder of the Company.</p> <p>Mr Ong Jia Ming has also purchased in the open market an additional 12,851,000 shares for a consideration of S\$168,567, at a price of 1.3117 cents per Share.</p>
13	25 October 2016	The Company announced the appointment of Mr Ong Jia Ming as Executive Director.
14	7 November 2016	The Company announced its third quarter / 9 months unaudited financial results for the period ended 30 September 2016.
15	8 November 2016	The Company announced the completion of the October 2016 Placements.
16	13 December 2016	The Company announced the appointment of Mr Joe Hsiang, Lin as Non-Executive Director.
17	19 January 2017	The Company announced the Proposed Issue.
18	24 February 2017	<p>The Company announced its full year unaudited financial results for the period ended 31 December 2016.</p> <p>No dividend has been declared or recommended for the period.</p>

Source: The Company's SGX-ST announcements

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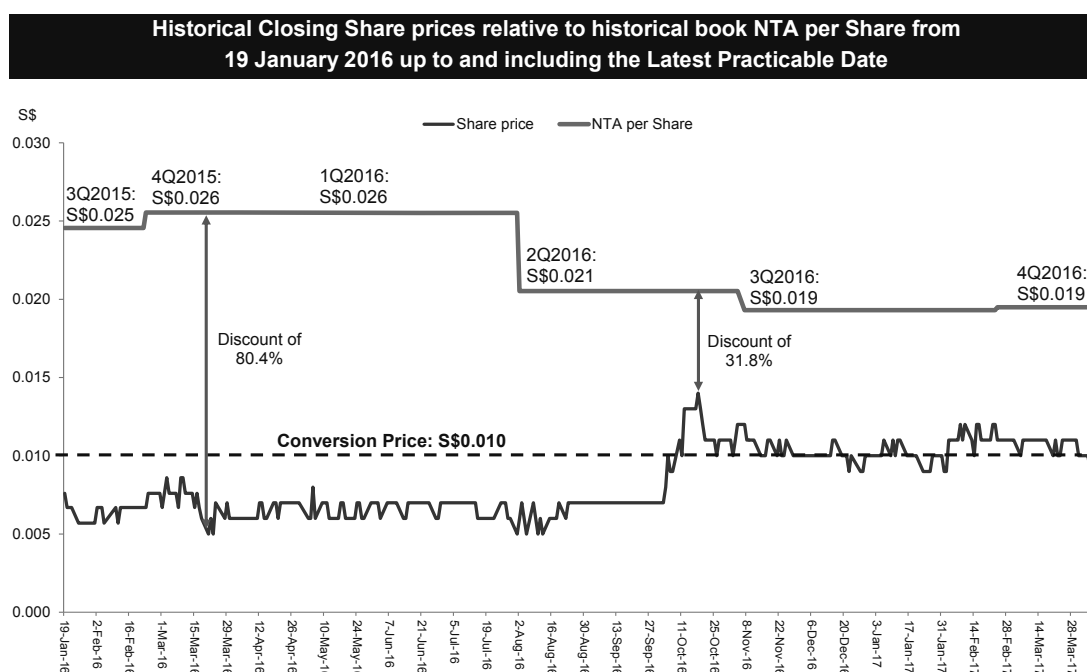
5.2.2 Comparison with the NTA of the Group as at 31 December 2016

Book NTA of the Group

As at 31 December 2016, the audited NTA of the Group (excluding non-controlling interest) was S\$129.8 million, representing a NTA per Share of S\$0.0195. The Conversion Price of S\$0.01 per New Share is at a substantial discount of approximately 48.7% to the NTA per Share as at 31 December 2016.

Historical closing Share prices relative to historical book NTA per Share

Based on the daily closing share price chart for the Period Under Review, we note that the Shares had been trading at significant discounts of between approximately 31.8% to 80.4% to the Group's respective announced NTA per Share during the entire period prior to the Announcement Date and up to the Latest Practicable Date as shown in the chart below:



Source: Bloomberg L.P. and the Company's announcements on the SGX-ST

From the above observation, we note that the market had accorded a valuation to the Company which is not reflective of its full NTA value. This is not uncommon among some listed companies on the SGX-ST and could be a reflection of the market's perception of the prospects of such companies and/or the ability of these companies to achieve or maintain their profitability.

The audited NTA per Share of the Group as at 31 December 2016 was S\$0.0195. At the time of the Announcement Date, the Conversion Price represents a discount of approximately 48.7% to the NTA

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per Share as at 31 December 2016.

The valuation of the Company as implied by the Conversion Price does not fully reflect the NTA of the Group and therefore appears to be undervaluing the Company. However, we note that the Conversion Price was determined based on the then prevailing market share price at the time of the negotiations between the Company and the Subscribers, and the Shares had been trading mostly below its NTA value.

In our evaluation of the financial terms of the Conversion Price, we have also considered whether there are any tangible assets which should be valued at an amount that is materially different from that which were recorded in the statement of financial position of the Group as at 31 December 2016. In this respect, the Directors have confirmed to us that to the best of their knowledge and belief, that there are no material differences between the realisable value of these assets and their respective book values as at 31 December 2016 which would have a material impact on the NTA of the Group.

We have also considered whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the audited book NTA as at 31 December 2016. In this respect, the Directors have confirmed to us that to the best of their knowledge and belief, other than that already provided for or disclosed in the Company's audited financial statements as at 31 December 2016, there are no other contingent liabilities which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date.

In addition, as at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

5.2.3 Comparison with precedent issues of unlisted convertible bonds by companies listed on the SGX-ST

In assessing the reasonableness of the Proposed Issue, we have also looked at the salient statistics of selected precedent issues of unlisted single-tranche Singapore-dollar denominated convertible bonds by companies (excluding real estate and business trusts) listed on the SGX-Mainboard and the SGX-Catalist, that were announced since 19 January 2015 (being the 24-month period preceding the Announcement Date) and up to the Latest Practicable Date ("**Precedent Bond Issues**").

Shareholders should note that the business activities, scale of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation and composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies that had issued such unlisted convertible bonds are not identical to the Group. Such factors would impact the structure and pricing of the respective convertible bond issue. Accordingly, any inference that can be drawn from the comparison of the relevant salient terms may not be directly comparable to the Proposed Issue and are for illustrative purposes and should serve only as a general guide.

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Company	Date of announcement	Principal sum (\$S'000)	Tenor (years)	Security	Conversion price (\$)	Premium/(discount) of share price ⁽¹⁾ prior to announcement date (%)	Conversion price - to-Net Asset Value ("NAV")/share ratio (x)	Coupon/interest rate per annum (%)	Redemption terms on maturity	Redeemable	Payment frequency	Market capitalisation as of Announcement Date (\$S'000)	Debt-to-equity ratio as of Announcement Date (x)
Asia Fashion Holdings Limited	5-Mar-2015	2,660	2	Unsecured	0.07	26.6	0.45	7.0	100% of principal sum ⁽²⁾	Yes	Quarterly	3.5	0.92
Beng Kuang Marine Limited	25-Mar-2015	5,000	4	Unsecured	0.21	12.9	0.37	8.0	100% of principal sum	Yes	Semi Annual	13.8	0.70
Swing Media Technology Group Limited	24-Apr-2015	6,000	2	Unsecured	0.06	26.7	0.01	6.0	100% of principal sum	Yes	Semi Annual	26.8	0.17
Armarda Group Limited	30-Apr-2015	2,256	2	Unsecured	0.06	50.0	0.48	12.0	100% of principal sum	Yes	Quarterly	10.9	0.16
MMZ Asia Limited	23-Jun-2015	2,875	2	Unsecured	0.4892	7.5	7.88	10.0 ⁽³⁾	100% of principal sum plus interest of 8.5% p.a. from the date of issue to maturity date	Yes	Annual	504.1	0.12
China Auto Electronics Group Limited	14-Aug-2015	60,000	3	Unsecured	0.09	76.5	0.35	1.0	100% of principal sum	Yes	Annual	215.7	0.86
Advance SCT Limited	25-Aug-2015	1,500	2	Unsecured	0.001	0.0	1.45	6.0	100% of principal sum	Yes	Annual	NA ⁽⁴⁾	NA ⁽⁵⁾
KS Energy Limited	21-Sep-2015	7,500	1	Unsecured	0.28	3.7	0.33	6.0	105% of principal sum	Yes	Annual	42.7	4.92
PNE Micron Holdings Limited	30-Sep-2015	1,900	2.5	Unsecured	0.072	89.5	1.90	8.0	100% of principal sum	Yes	Semi Annual	17.2	1.13
MMZ Asia Limited	24-Feb-2016	5,000	3	Unsecured	0.415	(49.7)	6.40	19.5 ⁽³⁾	100% of principal sum plus interest of 17.5% p.a. from the date of issue to maturity date	Yes	Semi Annual	504.1	0.12
Plato Capital Limited	25-Feb-2016	10,000	5	Unsecured	0.13	26.2	0.60	0.5	100% of principal sum	Yes	At Maturity Date	32.9	0.35
MMP Resources Limited	8-Mar-2016	600	1	Secured	0.61	0.0	0.60	0.0 ⁽⁷⁾	117% of principal sum ⁽⁷⁾	Yes	At Maturity Date	8.2	2.12
Magnus Energy Group Limited	5-Apr-2016	3,500	1.5	Secured	0.61	0.0	0.60	8.0	100% of principal sum	Yes	At Maturity Date	6.0	0.08
Vibropower Corporation Limited	28-Sep-2016	1,000	1	Unsecured	0.24	(4.0)	0.54	12.0 ⁽⁸⁾	100% of principal sum	No	Monthly	7.9	0.53
Accrest Limited	22-Nov-2016	4,000	3	Unsecured	0.10	0.0	0.10	8.0	100% of principal sum	No	Semi Annual	26.2	0.03
Asia Fashion Holdings Limited	25-Nov-2016	2,100	3	Unsecured	0.35	514.0 ⁽¹³⁾	3.07	7.0	103% of principal sum ⁽²⁾	Yes	Quarterly	3.5	0.92
Equation Summit Limited	23-Dec-2016	12,000	2	Unsecured	0.011	0.0	2.23	9.0	100% of principal sum	No	Annual	185.5	0.02
Healthway Medical Corporation Limited ⁽¹¹⁾	16-Jan-2017	10,000	5	Secured	0.03384	(10.9)	2.24	0.0	100% of principal sum plus redemption premium to enable noteholder to achieve internal rate of return of 6%	No	At Maturity	83.6	0.09
					Mean	18.4	1.89	7.1				99.6	0.78
					Median	10.2	0.60	7.5				26.2	0.35
					Max	514.0	7.88	19.5				504.1	4.92
					Min	(49.7)	0.01	0.0				3.5	0.02
HLH Group Limited	19-Jan-2017	20,000	3	Unsecured	0.01	0.0	0.51 ⁽¹²⁾	5.0	100% of principal sum	No	Annual	66.6	0.05

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies

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Notes:

- (1) Share price is based on the closing price of the trades done on the last full market day preceding the date of the announcement of the agreements of the respective companies, and is extracted from Bloomberg L.P..
- (2) Based on early redemption at the option of the company.
- (3) Annual interest rates for MM2 Asia Limited based on the sum of the stated interest per annum and compounded interest per annum that is incurred at its maturity date.
- (4) Market capitalisation for Advance SCT Limited was not available as trading was suspended since 29 October 2015. Its market capitalisation was S\$14.9 million as of the announcement date of its convertible bond issue.
- (5) Debt to equity ratio for Advance SCT Limited is not applicable due to negative shareholders equity.
- (6) As the conversion price for MMP Resources Limited was based on 90% of VWAP over the last five trading days immediately preceding the date of conversion and not a fixed price at announcement, no computation was applicable for (i) premium/discount over/to its share price prior to announcement and (ii) conversion price-to-NAV/share ratio.
- (7) Redemption terms of maturity for MMP Resources Limited was based on a 100% redemption and a 16.7% implied interest rate computation from a zero-coupon bond with face value of S\$700,000 and issued value of S\$600,000 upon redemption.
- (8) As the conversion price for Magnus Energy Group Limited was based on 90% of VWAP over the last 15 trading days immediately preceding the date of conversion and not a fixed price at announcement, no computation was applicable for (i) premium/discount over/to its share price prior to announcement and (ii) conversion price-to-NAV/share ratio.
- (9) Annual interest rate for Vibropower Corporation Limited was based on 1% per month.
- (10) As the conversion price for Accrelist Limited was based on the higher of (i) 90% of VWAP for five trading days preceding the loan agreement date or (ii) 100% of NAV/share at conversion date, and is not a fixed price at announcement, no computation was applicable for (i) premium/discount over/to its share price prior to announcement and (ii) conversion price-to-NTA/share ratio.
- (11) On 16 January 2017, Healthway Medical Corporation Limited entered into a subscription agreement to issue S\$10 million in convertible notes and S\$60 million in non-convertible notes to a noteholder. Subsequently on 23 March 2017, the Company announced that S\$10 million notes was issued and certain amendments to the subscription agreement were made, including *inter alia*, that the maturity date for the entire S\$70 million notes is five years, and that the notes do not carry any coupon, but will be redeemed at maturity at an amount in cash equal to the sum of 100% of the principal amount and a redemption premium that will provide the noteholder an internal rate of return of 6% on the principal amount of the convertible notes. The issue of the S\$60 million is subject to the approval of its shareholders.
- (12) Based on the audited NTA of the Group as at 31 December 2016.
- (13) Excluded as statistical outlier in the mean and median computations.

Based on the above, we note that:

- (a) The Conversion Price is at the last transacted price of the Shares of S\$0.0100 on 18 January 2017, being the last traded market day prior to the date of the Convertible Bonds Subscription Agreements. The Conversion Price as compared to the last traded Shares price is (i) within the range of the Precedent Bond Issues of between a discount of 49.7% and a premium of 514.0%; and (ii) lower than the corresponding mean premium of 18.4% for the Precedent Bond Issues;

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- (b) The ratio of the Conversion Price to the Group’s audited NTA per Share as at 31 December 2016 of 0.51 time is (i) within range of corresponding conversion price-to-NAV ratios of the Precedent Bond Issues of between 0.01 time to 7.88 times; (ii) slightly below the median price-to-NAV ratios of the Precedent Bond Issues of 0.60 time; and (iii) below the mean price-to-NAV ratios of the Precedent Bond Issues of 1.89 times;
- (c) The interest rate of 5.0% of the Convertible Bond is within the range of corresponding interest rates of the Precedent Bond Issues of between zero and 19.5% and below the mean and median of corresponding interest rates of the Precedent Bond Issues of 7.1% and 7.5%, respectively. We note that the redemption terms of some of the Precedent Bond Issues were at more than 100% of the respective principal sums. Accordingly, the effective interest rates of these Precedent Bond Issues would be higher if these convertible bonds were redeemed at their maturity dates;
- (d) The annual payment of the interest payments of the Proposed Issue compares favourably to the interest payment terms of those Precedent Bond Issues which were on quarterly or semi-annual basis, which allows the Group to better manage its cash for its operations; and
- (e) The Group’s debt-to-equity ratio prior to the Proposed Issue is within the range of corresponding debt-to-equity ratios of the issuers of the Precedent Bond Issues of between 0.02 time and 4.92 times and lower than the mean and median of corresponding debt-to-equity ratios of the issuers of the Precedent Bond Issues of 0.78 time and 0.35 time, respectively. We believe that its low debt-to-equity ratio allows the Group adequate headroom to consider further debt in its future fund raising options.

5.2.4 Comparison with the Group’s existing debt facilities

The Convertible Bonds will bear an interest of 5.0% per annum on the principal amount of S\$20 million. Interest shall be payable annually in arrears on 31 December in each year, with the first payment of interest being made on 31 December 2017 and the last payment of interest being made on the Maturity Date. The interest payments in respect of the interest and principal will be made to the Subscriber by way of a cheque made out in Singapore dollar.

We set out below the interest rates of the Group’s existing debt facilities or borrowings as at 31 December 2016:

Type of Debt Facility	Principal Amount ('000)	Interest Rate per annum	Security
Term loan with Hong Leong Finance, Singapore	S\$3,220	4.5%	Secured by first mortgage over the Group’s leasehold land and buildings in Singapore and corporate guarantee by the Company
Term loan with Maybank (Cambodia)	US\$538 (or S\$779)	8.0%	Secured by a legal charge over the Group’s freehold land and buildings

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Type of Debt Facility	Principal Amount ('000)	Interest Rate per annum	Security
			in Cambodia and corporate guarantee by the Company
Term loan with AFC Merchant Bank, Singapore	US\$1,516 (or S\$2,192)	6.1% to 6.4%	Secured by mortgages, charges and assignments over various assets and shares of the Group's subsidiaries

We note that the interest rate of the Proposed Issue of 5% is slightly higher than the Singapore dollar denominated loan of 4.5%, but is lower than the United States dollar denominated loans of between 6.1% to 8.0%. However, the above term loans are secured on the Group's assets, whereas the Convertible Bonds are unsecured. In addition, unlike the above term loans, we note that the Proposed Issue has a conversion feature that gives the right of the Subscriber to convert the Convertible Bond into New Shares. Accordingly, such a comparison serves as an illustrative guide only.

5.3 Financial effects of the Proposed Issue

Details on the financial effects of the Proposed Issue on the Group are set out in Section 8.8 of the Circular and are based on the financial statements of the Group for FY2016 and various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Issue.

Set out below are the financial effects of the Proposed Issue immediately after the issuance, and assuming the full conversion of the Bonds into New Shares. In summary, based on the audited financial statements for FY2016, we note the following:

- (a) the number of issued Shares and the issued share capital of the Company is dependent on the number of New Shares converted by the Subscribers during the Conversion Period. In the event that the Subscribers converts their Convertible Bonds into New Shares, the number of issued Shares and the issued share capital of the Company will increase accordingly;
- (b) upon the issue of the Convertible Bonds (but before any conversion), the NTA per Share will decrease slightly due to the associated expenses incurred in relation to the Proposed Issue. Assuming that the Proposed Issue is converted in full, the NTA per Share will be diluted after the Proposed Issue due mainly to the reduction in principal amount of the Proposed Issue, and the Conversion Price being at a significant discount to the NTA per Share of S\$0.0195 as at 31 December 2016. The extent of the dilution to the NTA per Share will depend on the actual conversion of the Convertible Bonds;
- (c) the interest expense in respect of the Convertible Bonds (prior to any conversion) will be at the aggregate of 5% interest payable each year and the amortisation of the fair value of the conversion rights recorded on the date of issue. Assuming that the Proposed Issue is converted

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in full, the issuance of the New Shares will have a dilutive effect on the earnings per Share immediately and in the event that future earnings do not increase to a level that is commensurate with the earnings dilution arising from the enlarged issued Shares after the conversion of the Convertible Bonds. The future effect of the Proposed Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Convertible Bonds and is not determinable at this point in time; and

- (d) upon the issue of the Convertible Bonds (but before any conversion), the gross gearing ratio of the Group will increase due to the increased borrowings as a result of the Proposed Issue, assuming its net proceeds fully deployed. Assuming that the Proposed Issue is converted in full, the issuance of the New Shares will result in the gross gearing ratio of the Group to improve as a result of the increase in shareholders' equity from the conversion of the Convertible Bonds.

We note that under FRS, the Convertible Bonds have to be separated into a debt component and a derivative component, representing the fair value of the option given to the Subscribers. The effective financing cost will be calculated with reference to the debt component; and may vary from the above illustrative financial effect. The derivative component will be subject to fair value adjustment at each reporting date with changes to fair value recorded in the profit and loss statement. The above illustrative financial effect does not account for the separation and the effect of changes in the fair value of the conversion option over time. Please refer to Section 8.9 of the Circular for further details on the accounting treatment of the Proposed Issue.

5.4 Dilution impact of the Proposed Issue on the Independent Shareholders

As at the Latest Practicable Date, Dato' Ong is the single largest controlling Shareholder, holding an interest of 15.02% of the existing issued share capital of the Company. The remaining 84.98% Shares are held by Independent Shareholders.

Independent Shareholders will suffer a dilution in their shareholdings in the Company in the event that the Subscribers exercise their rights to convert their Convertible Bonds into New Shares during the Conversion Period.

In evaluating the dilution impact of the Proposed Issue on the Independent Shareholders, we have made the following assumptions:

- (a) based on the existing issued share capital of 6,658,068,582 Shares as at the Latest Practicable Date ("**Existing Share Capital**");
- (b) the resolution on the proposed issue of the Convertible Bonds to the Subscribers is passed by the Independent Shareholders; and
- (c) the Subscribers exercise their entire Convertible Bonds fully into New Shares.

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The shareholding structure of the Company before and after the Proposed Issue (with full conversion into New Shares) is set out below:

	Before Proposed Issue		Conversion into New Shares by Subscribers	After Proposed Issue and Conversion	
	No. of Shares	%	No. of New Shares	No. of Shares	%
Subscribers:					
Dato' Ong	1,000,000,000	15.02	400,000,000	1,400,000,000	16.17
BR Capital	-	-	1,600,000,000	1,600,000,000	18.48
Independent Shareholders	5,658,068,582	84.98		5,658,068,582	65.35
Total	6,658,068,582	100.00	2,000,000,000	8,658,068,582	100.00

As shown above, upon the completion of the Proposed Issue assuming full conversion into New Shares by each of the Subscribers, Dato' Ong will have his shareholding interests increased from approximately 15.02% of the Existing Share Capital to approximately 16.17% of the Maximum Enlarged Share Capital while BR Capital will have its shareholding interests increased from nil to approximately 18.48% of the Maximum Enlarged Share Capital.

Correspondingly, Independent Shareholders will have a dilution in their aggregate shareholding interests in the Company from approximately 84.98% of the Existing Share Capital to approximately 65.35% of the Maximum Enlarged Share Capital in the event that the Subscribers exercise their rights to convert all of their Convertible Bonds into New Shares during the Conversion Period.

We wish to highlight that the above shareholding structure serves only as an illustrative maximum dilution scenario to the Independent Shareholders assuming both the Subscribers exercise their rights to convert all of their Convertible Bonds into New Shares during the Conversion Period.

In particular, pursuant to the Convertible Bond Subscription Agreement, BR Capital has represented to the Company that, in compliance with Rule 803 of the Listing Manual, there will be no conversion of the Conversion Bonds to transfer a controlling interest in the Company without the prior approval of the Shareholders in a general meeting.

As such, if BR Capital wishes to convert its Convertible Bonds to the extent that there is a change in controlling interest in the Company to it, controlling interest being defined as shareholding interest of at least 15% under the Listing Manual, it would first require prior approval from the Shareholders in general meeting.

We understand that BR Capital is subscribing to the Convertible Bonds for investment purposes only. In the event BR Capital only converts its Convertible Bonds such that its resultant shareholding interests is just below 15% of the then issued share capital of the Company, Dato' Ong will continue to be the single largest controlling shareholder of the Company with approximately 16.88% of the relevant enlarged share capital of the Company assuming Dato' Ong converts all of his Convertible Bonds and after such conversion by BR Capital. Independent Shareholders will, however, still have their aggregate

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shareholding interests diluted from approximately 84.98% of the Existing Share Capital to approximately 68.23% after such conversions by both Subscribers.

5.5 Other relevant considerations which may have a significant bearing on our assessment of the Proposed Issue

5.5.1 Dato' Ong remains as the key driver of the Company

We note that presently, Dato' Ong is the single largest controlling Shareholder of the Company. Dato' Ong is also the Deputy Chairman, Executive Director and Chief Executive Officer of the Company, driving the business strategy and overall operations of the Group.

Pursuant to Rule 803 of the Listing Manual, the Company must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. As at the Latest Practicable Date, the Company has confirmed that BR Capital has not come forth to seek approval at the forthcoming EGM for it to become a controlling Shareholder as a result of its subsequent conversion of the Convertible Bonds into New Shares. Hence, Dato' Ong is likely to remain as the single largest shareholder of the Company as illustrated in paragraph 5.4 of this Letter.

5.5.2 Support from Dato' Ong for the Proposed Issue

As stated in paragraph 3.2 of this Letter, we note that pursuant to the Rights Issue that was announced on 23 December 2015, Dato' Ong had given an irrevocable undertaking that he will subscribe for his *pro-rata* Rights entitlements as well as applying for excess Rights Shares, amounting to an aggregate of approximately S\$5.52 million. The Rights Issue was completed on 19 April 2016 with the listing and quotation of the Rights Shares on the SGX-Mainboard.

Dato' Ong is the founder of the Group and had been a controlling Shareholder of the Company since its founding. We believe that his undertaking of the Rights Issue and the subscription of the principal amount of S\$4 million of the Proposed Issue as a proposed Interested Person Transaction further underscores Dato' Ong's support for the Proposed Issue and demonstrates his continued commitment to and confidence in the prospects of the Group.

5.5.3 Conversion Price of the Convertible Bonds to the Subscribers is higher than the issue prices of recent fund raisings activities

The Conversion Price of the New Shares to be issued to the Subscribers upon conversion is higher than the respective issue prices of the new Shares, namely, the Rights Issue (at S\$0.006), the August 2016 Placement (at S\$0.006) and the October 2016 Placements (at S\$0.009). The Rights Issue was issued on a *pro-rata* basis to the then existing Shareholders of the Company. The placements in 2016 were subscribed by investors who were non-interested persons of the Group.

5.5.4 Adjustments to the Conversion Price

The terms of the Convertible Bond also provide for conventional adjustments to the Conversion Price in the event of any consolidation of the Shares as well as rights and bonus issues of Shares on a *pro*

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rata basis or other capitalisation issues. For the avoidance of doubt, no adjustments will be made for any issue of Shares made in relation to an employee share option scheme and/or performance share plan.

5.5.5 The Proposed Issue is inter-conditional upon, *inter alia*, the approval of the Independent Shareholders for the proposed allotment and issue of the New Shares

As set out in Section 8.4 of the Circular and highlighted in paragraph 4.2 of this Letter, the approval of the Independent Shareholders for the Proposed Issue is, *inter alia*, a condition precedent under the Proposed Issue. In addition, Shareholders' approval for the Proposed Issue is inter-conditional upon Shareholders' approval for the issue of the New Shares pursuant to the conversion of the Convertible Bonds by the Subscribers.

Accordingly, if the approval of the Independent Shareholders is not obtained for the proposed allotment and issue of New Shares pursuant to the conversion of the Convertible Bonds by the Subscribers, the Proposed Issue will not take place.

5.5.6 Prospects, strategy and future plans of the Group

In the Group's Annual Report for FY2016, the Board made the following commentary:

"The progress that the Group has made in 2016 are bearing positive results. We will continue to focus on strengthening these strategic thrusts in both our agriculture and property development divisions in 2017, to lay the foundation for sustainable growth."

In addition, the net proceeds of the Proposed Issue is intended to be deployed towards the D'Seaview project as stated in paragraph 5.1 of this Letter, and we understand from the Management that the D'Seaview project is on schedule and the expected completion is at the end of the financial year ending 31 December 2018.

6. OUR OPINION

In arriving at our opinion in respect of the Proposed Issue, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (a) rationale for the Proposed Issue and the use of proceeds;
- (b) assessment of the terms of the Proposed Issue;
- (c) financial effects of the Proposed Issue;
- (d) dilution impact of the Proposed Issue on the Independent Shareholders; and
- (e) other relevant considerations which may have a significant bearing on our assessment of the Proposed Issue.

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Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Issue is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Issue. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Issue.

Pursuant to Rule 921(4)(a) of the Listing Manual, this Letter is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed Issue. The recommendation to be made by the Independent Directors to the Minority Shareholders shall remain the responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Proposed Issue, at any time and in any manner without the prior written consent of PwCCF in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Ling Tok Hong
Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

HLH GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199905292D)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders (the “**Shareholders**”) of HLH GROUP LIMITED (the “**Company**”) will be held at D’Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on 28 April 2017 at 11 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:

*Please note that unless otherwise defined, all capitalized terms used in this Notice bear the same meanings as ascribed to them in the Company’s circular to Shareholders (copies of which have been despatched to Shareholders) dated 12 April 2017 (the “**Circular**”).*

AS ORDINARY RESOLUTIONS

1. PROPOSED CHANGE OF AUDITORS

THAT:

- (a) Deloitte & Touche LLP be hereby appointed as the auditors of the Company in place of Ernst & Young LLP to hold office until the conclusion of the next AGM of the Company at a fee and on such terms to be agreed between the Directors and Deloitte & Touche LLP.
- (b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the Proposed Change of Auditors and/or this Resolution.

2. PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

THAT:

- (a) for the purposes of the Listing Manual, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time the Shares (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases transacted on the SGX-ST through the ready market, and through one or more duly licensed stockbrokers appointed by the Company for the purpose (each, a “**Market Purchase**”); and/or
 - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Listing Manual (each, an “**Off-Market Purchase**”),

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and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act (Cap. 50) of Singapore (as modified, supplemented or amended from time to time) and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;
- (c) in this Ordinary Resolution:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days (“Market Day” being a day on which SGX-ST is open for securities trading) on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporation action that occurs after the relevant five-day period;

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares; and

“**Prescribed Limit**” means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

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- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the adoption of the Proposed Share Purchase Mandate and/or authorised by this Resolution.

3. PROPOSED ADOPTION OF THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

THAT:

- (a) the employee share option scheme to be known as the “HLH Employee Share Option Scheme 2017” (the “**Scheme**”), details of which are set out in the Circular dated 12 April 2017 to the Shareholders, be and is hereby approved and adopted.
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to implement and establish the Scheme;
 - (ii) to modify and/or amend the Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and
 - (iii) to offer and grant Options in accordance with the provisions of the Scheme and to allot and issue and/or transfer from time to time such number of Shares in the capital of the Company as may be required to be issued and/or transferred pursuant to the exercise of the Options under the Scheme, provided that the aggregate number of new Shares to be issued or existing Shares to be transferred pursuant to the Scheme, the HLH Performance Share Plan 2017 (as defined in ordinary Resolution 6), and all other share option or other share schemes of the Company shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares, if any) on the day preceding that date; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the adoption of the Scheme and/or authorised by this Resolution.

4. PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE HLH EMPLOYEE SHARE OPTION SCHEME 2017

THAT:

- (a) CONTINGENT ON THE PASSING OF ORDINARY RESOLUTION 3, approval be and is hereby given for:
 - (i) the maximum discount that may be given under the HLH Employee Share Option Scheme 2017 to be up to 20% of the Market Price for the Shares at the time of the grant of the Option; and
 - (ii) the Directors to be authorised to offer Options at a discount of up to a maximum of 20% of the Market Price for the Shares at the time of the grant of the Option.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. PROPOSED ADOPTION OF THE HLH EMPLOYEE PERFORMANCE SHARE PLAN 2017

THAT:

- (a) the share award scheme to be known as the “HLH Performance Share Plan 2017” (the “**Plan**”), details of which are set out in the Circular dated 12 April 2017 to the Shareholders, be and is hereby approved and adopted.
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to implement and establish the Plan;
 - (ii) to modify and/or amend the Plan from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Plan and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Plan; and
 - (iii) to grant Awards in accordance with the provisions of the Plan and to allot and issue and/or transfer from time to time such number of fully paid-up Shares in the capital of the Company as may be required to be issued and/or transferred pursuant to the exercise of the vesting of Awards under the Plan, provided that the aggregate number of new Shares to be issued or existing Shares to be transferred pursuant to the Plan, the HLH Employee Share Option Scheme 2017 (as defined in ordinary Resolution 4) and all other share option or other share schemes of the Company shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares, if any) on the day preceding that date; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the adoption of the Plan and/or authorised by this Resolution.

6(A). PROPOSED PARTICIPATION BY DATO’ DR. ONG BEE HUAT, A CONTROLLING SHAREHOLDER, UNDER THE HLH PERFORMANCE SHARE PLAN 2017

THAT:

CONTINGENT UPON THE PASSING OF ORDINARY RESOLUTION 5, the participation of Dato’ Dr. Ong Bee Huat, a Controlling Shareholder of the Company, in the HLH Performance Share Plan 2017 be and is hereby approved.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6(B). PROPOSED GRANT OF AWARD TO DATO' DR. ONG BEE HUAT, A CONTROLLING SHAREHOLDER, UNDER THE HLH PERFORMANCE SHARE PLAN 2017

THAT:

- (a) CONTINGENT UPON THE PASSING OF ORDINARY RESOLUTIONS 5 AND 6A, the proposed grant of award (the "**Award**") comprising up to 9,000,000 Shares to Dato' Dr. Ong Bee Huat (who is a controlling shareholder in relation to the Company) which represents 9.01% of the total number of new Shares which can be issued to him by the Committee administering the HLH Performance Share Plan 2017, be and is hereby approved; and
- (b) the Directors be and is hereby authorised to:
 - (i) allot and issue the relevant Shares, or transfer existing Shares to Dato' Dr. Ong Bee Huat upon the release of the Award, in whole or in parts;
 - (ii) determine the Date of Grant of the Award; and
 - (iii) do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this Resolution.

7. PROPOSED ISSUE OF 5.0% EQUITY LINKED CONVERTIBLE BONDS DUE 2020 WITH AN AGGREGATE PRINCIPAL AMOUNT OF S\$20,000,000 CONVERTIBLE INTO FULLY PAID-UP NEW ORDINARY SHARES OF THE COMPANY

THAT:

- (a) CONTINGENT UPON THE PASSING OF ORDINARY RESOLUTION 8, the proposed issue of the 5.0% equity linked convertibles bonds due 2020 with an aggregate principal amount of S\$20,000,000 (the "**Bonds**"), comprising S\$16,000,000 to Bridge Roots Capital and S\$4,000,000 to Dato' Dr. Ong Bee Huat such Bonds to be convertible, at the option of the holder thereof, into new ordinary shares of the Company (the "**Conversion Shares**") at a conversion price (the "**Conversion Price**") determined in accordance with the terms and conditions of the Bonds and subject to such adjustments as the terms and conditions of Bonds may provide and on such other terms and conditions as the Directors may decide, be and is hereby approved; and
- (b) the Directors and/or any of them be and are hereby authorised to complete and take such steps, make such amendments to the terms and conditions of the Bonds or to any documents and exercise such discretion as they may from time to time deem fit, advisable, desirable, expedient or necessary to give full effect to this Resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. PROPOSED ALLOTMENT AND ISSUE OF THE CONVERSION SHARES TO THE SUBSCRIBERS OF THE BONDS

THAT:

- (a) CONTINGENT UPON THE PASSING OF ORDINARY RESOLUTION 7, approval be and is hereby given to the Directors to allot and issue:
- i. such number of Conversion Shares as may be required or permitted to be allotted or issued on the conversion of the Bonds, to the holders of the Bonds on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the Bonds, whereby such Conversion Shares shall rank *pari passu* in all respects with the then existing shares of the Company except for any dividend, rights, allotment or other distributions the record date for which is before the relevant Conversion Date of the Bonds; and
 - ii. on the same basis as Paragraph (a)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the Bonds upon the adjustment of the Conversion Price in accordance with the terms and conditions of the Bonds; and
- (b) to take such steps, make such amendments, alterations or modifications to any documents and exercise such discretion as they may from time to time deem fit, advisable, desirable, expedient or necessary to give full effect to this Resolution.

BY ORDER OF THE BOARD

HELEN CAMPOS
Company Secretary
Singapore

IMPORTANT: PLEASE READ NOTES

Notes:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint any number of proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder.
2. Where a Shareholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second/other named proxy/proxies shall be deemed to be an alternate to the first named.
3. A corporation which is a Shareholder may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Act.
4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), duly executed, must be deposited at the registered office of the Company at D'Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 not less than 48 hours before the time set for the Meeting or any postponement or adjournment thereof.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
6. A Depositor's name must appear on the Depository Register maintained by the CDP at least 48 hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

General:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register maintained by the CDP at least 48 hours before the time appointed for holding the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) or representative to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Shareholder of the Company:

- (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies or representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) or representative(s) for the Purposes; and
- (c) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

12 April 2017

HLH GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company registration no: 199905292D)

IMPORTANT

1. For investors who have used their Central Provident Fund ("CPF") monies to buy HLH GROUP LIMITED shares, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

**EXTRAORDINARY GENERAL MEETING
PROXY FORM***(Please see notes overleaf before printing this Form)*

I/We, _____ NRIC/Passport No. _____

of _____

being a member/members of **HLH Group Limited** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary to demand a poll, at the Extraordinary General Meeting (the "Meeting") of the Company to be held at D'Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on 28 April 2017 at 11 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place).

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/she/they may think fit at his/her/their discretion, as he/she/they will on any other matters arising at the Extraordinary General Meeting and any adjournment thereof.)

Ordinary Resolutions	For	Against
1. To approve the proposed Change of Auditors.		
2. To approve the adoption of the proposed Share Purchase Mandate.		
3. To approve the adoption of the proposed HLH Employee Share Option Scheme 2017.		
4. To approve the proposed grant of authority to offer and grant options at a discount under the HLH Employee Share Option Scheme 2017.		
5. To approve the adoption of the proposed HLH Performance Share Plan 2017.		
6 (A). To approve the participation by Dato' Dr. Ong Bee Huat, a controlling shareholder, under the HLH Performance Share Plan 2017.		
6 (B). To approve the grant of Award to Dato' Dr. Ong Bee Huat, a controlling shareholder, under the HLH Performance Share Plan 2017.		
7. To approve the Proposed Issue of 5.0% equity linked convertible bonds due 2020 with an aggregate principal amount of S\$20,000,000 to the Subscribers		
8. To approve of the allotment and issue of Conversion Shares to the Subscribers of the Bonds.		

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)
or Common Seal of Corporation

* Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of ordinary shares held in the issued share capital of the Company (the **"Shares"**) held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50) you should insert that number of Shares. If you have Shares registered in your name in the register of members of the Company (the **"Register of Members"**), you should insert that number of Shares. If you have Shares entered against you name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all Shares held by you.
2. A shareholder of the Company (the **"Shareholder"**) entitled to attend and vote at the extraordinary general meeting (the **"EGM"**) is entitled to appoint any number of proxies to attend and vote on his behalf. A proxy need not be a Shareholder.
3. Where a Shareholder appoints more than one proxy, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second/other named proxy/proxies shall be deemed to be an alternate to the first named.
4. A corporation which is a Shareholder may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Act.
5. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), duly executed, must be deposited at the registered office of the Company at D'Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 not less than 48 hours before the time set for the Meeting or any postponement or adjournment thereof.
6. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (falling previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The submission of an instrument or form appointing a proxy by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she so wishes.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register maintained by the CDP at least 48 hours before the time appointed for holding the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) or representative to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Shareholder of the Company:

- (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies or representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**);
- (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) or representative(s) for the Purposes; and
- (c) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

