

UPDATE ON PROPOSED TRANSACTIONS

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”, and each a “**Group Company**”) refers to the update announcement dated 4 September 2020 and the announcements dated 14 September 2020, 26 October 2020, 1 December 2020 and 21 December 2020 in relation to the Proposed Transactions (the “**Previous Announcements**”).
- 1.2. Unless otherwise defined, capitalised terms used herein shall have the meanings as ascribed in the Previous Announcements.

2. RECEIPT OF REGULATORY APPROVALS

- 2.1. In connection with the Proposed Transactions, the Company had, on 13 January 2021, submitted the following:
- (a) an application to the SGX-ST for the listing and quotation of the Conversion Shares (assuming the conversion of the Convertible Loan Note by the Investor), Option Shares (assuming the exercise of all the Options by the Investor), the Settlement Shares, the UOB Conversion Shares (assuming the conversion of the full principal amount of the UOB Convertible Bonds by UOB) and the Remuneration Shares on the Main Board of the SGX-ST;
 - (b) an application to the SGX-ST for the resumption of trading of the Shares on the SGX-ST; and
 - (c) an application to SIC to seek the Whitewash Waiver.
- 2.2. The Board is pleased to announce that it has obtained the following approvals (the “**Regulatory Approvals**”):
- (a) on 21 April 2021, the SGX-ST granted the approval in-principle for the listing of and quotation for (1) 2,054,794,520 Conversion Shares; (2) up to 6,164,383,561 Option Shares; (3) up to 241,985,142 Settlement Shares to RHB; (4) up to 344,226,285 Settlement Shares to SIF; (5) up to 476,328,000 UOB Conversion Shares; and (6) 65,391,302 Remuneration Shares (the “**AIP**”) subject to, *inter alia*, the following conditions:
 - (i) Shareholders’ approval for the Proposed Transactions;
 - (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 Convertible Loan Note and exercise of the Options; 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;
 - (iii) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
 - (iv) a written confirmation from the Company that it will not issue the Convertible Loan Note and Options to persons prohibited under Rule 812(1) of the Listing Manual;

- (v) a written undertaking from the Company to announce any adjustment made to the Convertible Loan Note and Options pursuant to Rule 829(1) of the Listing Manual; and
- (vi) the Company's obligations under Rule 864(4) of the Listing Manual to notify the SGX-ST immediately upon any significant changes affecting any matter contained in the application, or which would be required to be included in the application if it had arisen before the application was submitted.

Shareholders are advised that the AIP is not to be taken as an indication of the merits of the Proposed Transactions, the Convertible Loan Note, the Conversion Shares, the Options, the Option Shares, the Settlement Shares, the UOB Convertible Bonds, the UOB Conversion Shares, the Remuneration Shares, the Company and/or its subsidiaries;

- (b) on 11 May 2021, the SGX-ST confirmed that it had no objection to the resumption of trading by the Company subject to the completion of the Proposed Transactions and the satisfaction of all conditions as set out in the AIP; and
- (c) on 11 May 2021, the SIC granted the waiver of the obligation for the Investor to make a general offer under Rule 14 of the Takeover Code in the event the Investor incurs an obligation to do so as a result of acquiring (1) the Conversion Shares upon conversion of the Convertible Loan Note and (2) the Option Shares upon exercise of the Options, subject to the following conditions:
 - (i) a majority of holders of voting rights of the Company approving at a general meeting, before the issue of the Convertible Loan Note and the Options to the Investor, by way of poll to waive their rights to receive a general offer from the Investor (the "**Whitewash Resolution**");
 - (ii) the Whitewash Resolution is separate from other resolutions;
 - (iii) the Investor, persons acting in concert with it as well as parties not independent of them, abstain from voting on the Whitewash Resolution;
 - (iv) the Investor and persons acting in concert with it did not acquire or are not to acquire any shares of the Company or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares in the Company which have been disclosed in the Circular (as defined below)) (I) during the period between the initial announcement date and the date Shareholders' approval is obtained for the Whitewash Resolution; and (II) in the 6 months prior to the initial announcement date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Investor Transactions;
 - (v) the Company sets out clearly in the Circular (I) details of the Proposed Investor Transactions; (II) dilution effect to existing holders of voting rights upon the Investor acquiring (A) the Conversion Shares upon conversion of the Convertible Loan Note and (B) the Option Shares upon exercise of the Options; (III) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by the Investor and persons acting in concert with it as at the latest practicable date; (IV) the number and percentage of voting rights to be issued to the Investor as a result of (A) the conversion of the Convertible Loan Note and (B) the exercise of the Options; (V) that the issue of (A) the Conversion Shares upon conversion of the Convertible Loan Note and (B) the Option Shares upon exercise of the Options would result in the Investor holding shares carrying over 49% of the voting rights of the Company, and the fact that the Investor will be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Takeover Code to make a general offer. Specific and prominent reference should be made to this; (VI) that the independent Shareholders, by voting for the Whitewash Resolution, are waiving

their rights to a general offer from the Investor at the highest price paid by the Investor and its concert parties for the shares in the Company in the 6 months preceding the offer. Specific and prominent reference should be made to this; and (VII) (that the independent Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the Convertible Loan Note and (B) the Options. Specific and prominent reference should be made to this;

- (vi) the Circular stating that the waiver granted by SIC is subject to the conditions stated at (i) to (v) above;
- (vii) the Investor obtaining SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution;
- (viii) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within 3 months of 11 May 2021 and the acquisition of (I) the Convertible Loan Note and (II) the Options by the Investor must be completed within 3 months of the date of the approval of the Whitewash Resolution. Further, the acquisition of the (I) the Conversion Shares upon conversion of the Convertible Loan Note and (II) the Option Shares upon exercise of the Options by the Investor must be completed within 5 years of the date of issue of (A) the Convertible Loan Note and (B) the Options; and
- (ix) the Investor will comply or procure the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Takeover Code.

3. SHAREHOLDERS' APPROVALS

- 3.1. Subsequent to obtaining the Regulatory Approvals as described above, the Company will be seeking specific Shareholders' approval for the Proposed Transactions (the "**Shareholders' Approvals**") and a circular to Shareholders containing, *inter alia*, further information on the Proposed Transactions and the report from an independent financial adviser in relation to the Whitewash Waiver, together with the notice of the EGM (the "**Circular**"), will be despatched to Shareholders in due course.

4. EXTENSION OF LONGSTOP DATE

- 4.1. Notwithstanding that the Regulatory Approvals have been obtained, time is required for the Company to finalise the Circular and to seek Shareholders' Approvals for the Proposed Transactions. Accordingly, the Company had entered into supplemental agreements with the relevant parties to the Convertible Loan Note Agreement, the Options Agreement, the RHB Agreement, the SIF Agreement and the UOB Agreement to, *inter alia*, extend the Longstop Date of 31 May 2021 to 30 June 2021 (or such other date as may be mutually agreed between the parties).

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Listing Manual, when there are material developments in respect of the Proposed Transactions.

6. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Transactions remain subject to, amongst others, the fulfilment of the conditions precedent under the definitive agreements entered into. **There is no certainty or assurance that the conditions precedent for the Proposed Transactions can be fulfilled or that the Proposed Transactions will be undertaken at all.** Although the Company's Shares are under suspension, shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

By Order of the Board

Liew Yoke Pheng Joseph
Executive Chairman and Chief Executive Officer
27 May 2021