

ENTRY INTO A CONDITIONAL SUBSCRIPTION AGREEMENT WITH ESCOOPG PTE. LTD.

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or “**Directors**”) of Hoe Leong Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 9 April 2024 regarding the Company’s entry into a non-binding term sheet (the “**Term Sheet**”) with a third party in relation to a possible investment in the Company by the third party.
- 1.2. Further to the Term Sheet, the Board is pleased to announce that the Company has, on 26 July 2024, entered into a conditional subscription agreement (the “**Subscription Agreement**”) with eScoopG Pte. Ltd. (the “**Subscriber**”, and together with the Company, the “**Parties**”) in relation to the following:
- (a) the proposed issue and allotment by the Company of, and the subscription by the Subscriber for, 10,000,000,000 new ordinary shares in the Company (the “**Subscription Shares**”) at the issue price of S\$0.002 per Subscription Share (the “**Subscription Price**”) for an aggregate consideration of S\$20,000,000 (the “**Subscription Consideration**”), on and subject to the terms and conditions of the Subscription Agreement (the “**Proposed Subscription**”); and
- (b) the proposed grant by the Company of, and the subscription by the Subscriber for, 6,818,181,818 unlisted share options (the “**Options**”), with each Option carrying the right to subscribe for one (1) new ordinary share in the Company (the “**Option Shares**”), on and subject to the terms and conditions of the Subscription Agreement (the “**Proposed Grant of Options**”, and together with the Proposed Subscription, the “**Proposed Transactions**”).
- 1.3. Please refer to paragraph 3 (*Salient Terms of the Subscription Agreement*), paragraph 4 (*Salient Terms of the Proposed Subscription*) and paragraph 5 (*Salient Terms of the Proposed Grant of Options*) of this announcement for further details on the Subscription Agreement, the Proposed Subscription and the Proposed Grant of Options, respectively.
- 1.4. The Subscription Shares, the Options and the Option Shares will not be issued and allotted pursuant to the general share issue mandate (the “**Share Issue Mandate**”) obtained from the shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company held on 30 April 2024. The Proposed Transactions are conditional upon, *inter alia*, approval from Shareholders at an extraordinary general meeting of the Company (“**EGM**”) to be convened. A circular (the “**Circular**”) will be issued and despatched to Shareholders in due course for the purpose of seeking Shareholders’ approval for, *inter alia*, the Proposed Transactions and the resulting transfer of controlling interest in the Company to the Subscriber (the “**Proposed Transfer of Controlling Interest**”).
- 1.5. The Company will apply to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Subscription Shares and the Option Shares on the SGX-ST in accordance with paragraph 9.3 below.

2. INFORMATION ON THE SUBSCRIBER

The information presented herein relating to information on the Subscriber and its directors and shareholder is based on information provided by the Subscriber. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

- 2.1. The Subscriber is an investment holding company which was incorporated in Singapore on 16 October 2018. As at the date of this announcement, Mr. Heynce Wongkar (“**Pak Heynce**”) is a director and the sole shareholder of the Subscriber. Pak Heynce is an Indonesian entrepreneur with over 20 years of experience in the mining industry. He has interests in mining contracting services and several nickel mining concessions in Sulawesi, Indonesia.
- 2.2. Pak Heynce and the remaining two (2) directors of the Subscriber are independent third parties.
- 2.3. The Subscriber has been actively exploring synergistic investment opportunities. The Subscriber has identified the Company as a potential candidate due to its global presence as a manufacturer and supplier of undercarriage components for heavy equipment, primarily serving the mining industry. The initial connection between the Company and the Subscriber was facilitated by a corporate advisory firm, although no formal introductory agreement currently exists.
- 2.4. As at the date of this announcement, each of the Subscriber and its directors and sole shareholder: (a) does not hold any shares or convertible securities of the Company; and (b) is not related to any of the Directors, the substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between the Subscriber or its directors or sole shareholder, on the one hand, and the Directors or substantial shareholders of the Company, on the other.

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

3.1. Details of the Subscription Shares

Subject to the terms and conditions of the Subscription Agreement (particularly the Conditions Precedent (as defined and set out in paragraph 3.3 (*Conditions Precedent*) of this announcement), the Subscriber will be issued and allotted all 10,000,000,000 Subscription Shares at the Subscription Price for the full Subscription Consideration, on the Completion Date (as defined in paragraph 3.5 of this announcement).

For further details regarding the Proposed Subscription, please refer to paragraph 4 (*Salient Terms of the Proposed Subscription*) of this announcement.

3.2. Details of the Options

Subject to the terms and conditions of the Subscription Agreement (including the terms and conditions of the Options as set out in the Subscription Agreement (the “**Conditions**”), a summary of which is provided in paragraph 5.1 (*Salient Terms and Conditions of the Options*) of this announcement) and in consideration of a cash consideration of S\$1.00, the Subscriber will be granted 6,818,181,818 Options on the Completion Date (as defined below). Each Option carries the right to subscribe for one (1) Option Share at an exercise price of S\$0.0022 per Option Share (subject to such adjustments as may be required in accordance with the Conditions).

The Options will not be listed or quoted on any stock exchange and shall not be transferable except in accordance with the Conditions.

For further details regarding the Proposed Grant of Options, please refer to paragraph 5 (*Salient Terms of the Proposed Grant of Options*) of this announcement.

3.3. Conditions Precedent

Completion of the Proposed Transactions (“**Completion**”) shall be conditional upon the following (the “**Conditions Precedent**”):

- (a) the Company having obtained (i) the prior written consent(s) of United Overseas Bank Limited, Sing Investments & Finance Limited, and (only to the extent relevant and necessary) such other financial institutions in relation to the change in control of the Company arising from the Completion of the Proposed Transactions and (ii) confirmation from such banks and/or financial institutions that they will not withdraw any of the credit facilities extended to the Company and/or its subsidiaries;

- (b) no Material Adverse Event (as defined below) shall have occurred in respect of the Company;
- (c) the Securities Industry Council of Singapore (the “**SIC**”) having granted a waiver (and the SIC not having revoked or repealed such waiver) of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Takeover Code**”) for the ordinary shares in the capital of the Company (the “**Shares**”) not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription and the Option Shares pursuant to the exercise of the Options, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Parties (the “**Whitewash Waiver**”); and (ii) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which, if passed by the independent Shareholders, would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in connection with the issue of the Subscription Shares and the Option Shares (the “**Whitewash Resolution**”);
- (d) the Company obtaining an unqualified opinion by an independent financial adviser to be appointed by the Company that the terms of the transactions which are the subject of the Whitewash Waiver are fair and reasonable;
- (e) (only if so required by the SIC) the execution of a supplemental agreement for such amendments to the Subscription Agreement as may be required by the SIC, on terms which are mutually agreeable to the Parties;
- (f) board approval having been obtained by the Company for the entry into the Subscription Agreement and the Proposed Transactions, and copies of the same being provided to the Subscriber;
- (g) Shareholders’ approval being obtained at an EGM to be duly convened for, *inter alia*, the Proposed Transactions, the issue and allotment of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the Proposed Transfer of Controlling Interest, and the Whitewash Resolution (collectively, the “**Resolutions**”);
- (h) the Company having procured an undertaking by its controlling shareholder, Shing Heng Holding Pte. Ltd. to vote in favour of the Resolutions at the EGM;
- (i) the in-principle approval of the SGX-ST being obtained for the listing and quotation of the Subscription Shares and the Option Shares; and
- (j) such consents, approvals or waivers as may be required (or deemed necessary by the Parties) being obtained from any other person(s), including but not limited to any governmental, regulatory or other competent authority, body or court having jurisdiction over the Parties in respect of the transactions contemplated in the Subscription Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties.

For the purposes of the Subscription Agreement and this announcement, “**Material Adverse Event**” means any event, change, circumstance, or effect that has, or could reasonably be expected to have, a material adverse effect on the financial condition, business, operations, or prospects of the Company. For the purposes of this definition, a “material adverse effect” shall have occurred if the Company has incurred a new or additional liability (otherwise than in the ordinary course of business) representing in excess of S\$1,000,000. Additionally, any event, change, circumstance, or effect which has been duly disclosed in writing by the Company to the Subscriber (including but not limited to any ongoing, pending or threatened litigation) shall not be considered a Material Adverse Event.

Save for what has been previously disclosed by the Company in its various announcements on SGXNET, to the best of the Board’s knowledge, information and belief, there is no other ongoing, pending or threatened litigation against the Company.

3.4. Longstop Date

Each Party undertakes to use all reasonable endeavours to ensure that the Conditions Precedent are fulfilled as soon as reasonably practicable, and in any event by 30 November 2024 (or such other date as may be mutually agreed in writing between the Parties) (the “**Longstop Date**”).

3.5. Completion

Subject to the payment of the Subscription Consideration in full by the Subscriber (in accordance with paragraph 4.2 (*Subscription Consideration*) of this announcement), all the Conditions Precedent being satisfied, fulfilled or waived (as the case may be), and the receipt by the Company of proof of payment and transfer of the Subscription Consideration in full by the Subscriber in a form which is satisfactory to the Company (the “**Consideration Receipt**”), the Company shall issue and allot all 10,000,000,000 Subscription Shares (credited as fully paid) and grant the 6,818,181,818 Options to the Subscriber in accordance with the Subscription Agreement on the Completion Date (as defined below).

Subject to the terms and conditions of the Subscription Agreement, Completion of the Proposed Transactions shall take place on the date falling ten (10) business days from the date of the Consideration Receipt (the “**Completion Date**”).

The Parties anticipate the Completion Date to be on or before 15 January 2025 (being ten (10) business days from 31 December 2024). If Completion of the Proposed Transactions does not take place in accordance with the terms and conditions of the Subscription Agreement by 15 January 2025 or such other date as may be mutually agreed in writing between the Parties, all sums related to the Subscription Consideration which have been paid by the Subscriber to the Company (if any) shall be repaid in full and interest-free by the Company (the “**Returned Sum**”), provided that such repayment shall be without prejudice to any other rights, claims or remedies any Party may have against the other for any antecedent breach of the Subscription Agreement.

In the event that the Proposed Transactions are aborted, or Completion does not otherwise take place by 15 January 2025, due to the fault of the Subscriber, the Subscriber shall pay and reimburse the Company for all out-of-pocket expenses (including any GST payable thereon) incurred by the Company in connection with the Whitewash Waiver application to the SIC, the engagement of the independent financial adviser, the printing of the Circular, and the convening of the EGM (collectively, the “**Agreed Expenses**”), up to a maximum amount of S\$160,000 (the “**Reimbursement Limit**”). In this regard, the Company shall be entitled to withhold from the Returned Sum an amount equal to the Agreed Expenses (which shall not exceed the Reimbursement Limit) (the “**Reimbursement Sum**”) and retain such Reimbursement Sum for its own benefit, provided that reasonable proof of the Agreed Expenses incurred by the Company has been provided to the Subscriber. For the avoidance of doubt, the Reimbursement Limit shall not apply to any professional fees properly incurred by Morgan Lewis Stamford LLC (i.e. the Singapore legal adviser to the Company in relation to the Proposed Transactions) in accordance with their mandate letter dated 31 May 2024, which the Subscriber shall remain wholly responsible for (up to the capped amount as set out in the aforesaid mandate letter).

In the event that the Proposed Transactions are aborted, or Completion does not otherwise take place by 15 January 2025, due to the fault of the Company, the Company shall pay and reimburse the Subscriber for any professional fees which are properly incurred by Morgan Lewis Stamford LLC in accordance with their mandate letter dated 31 May 2024 and which have been paid for by the Subscriber (up to the capped amount as set out in the aforesaid mandate letter).

3.6. Condition Subsequent

The Company undertakes with the Subscriber that it shall, as a condition subsequent, permit and authorise the Subscriber to nominate and appoint up to two (2) directors (of which one (1) director, and no more, may be an executive director) (the “**Subscriber Directors**”) to the Board of the Company within two (2) months after the Tranche 1 Consideration, the Tranche 2 Consideration and the Tranche 3 Consideration (each as defined in paragraph 4.2 (*Subscription Consideration*) of this announcement) have been paid in full by the Subscriber in accordance with the terms of the Subscription Agreement (or such later date as may be mutually agreed in writing between the

Parties) (the “**Condition Subsequent**”), provided always that the nomination and appointment of the Subscriber Directors shall be subject to the review and approval of the nominating committee of the Company (whose approval shall not be unreasonably withheld).

The Company shall use its best endeavours to procure the fulfilment of the Condition Subsequent as soon as possible and in any event by the end of the relevant period specified above.

3.7. **Other Customary Terms**

The Subscription Agreement also sets out representations and warranties (“**Warranties**”) as well as other terms which are customary for transactions of the nature of the Proposed Transactions or other similar transactions, including but not limited to terms regarding termination, force majeure, and confidentiality.

3.8. **Indemnity**

Additionally, each Party undertakes and agrees to indemnify and keep indemnified the other Party (the “**Innocent Party**”) against any losses, damages or claims suffered by the Innocent Party as a result of, or arising from, a breach of any Warranty by the first-mentioned Party.

4. **SALIENT TERMS OF THE PROPOSED SUBSCRIPTION**

4.1. **Issue Size**

As at the date of this announcement, the existing total issued share capital of the Company comprises 15,087,351,992 Shares (the “**Existing Share Capital**”). Pursuant to the Hoe Leong Corporation Performance Share Plan which was approved by Shareholders on 10 August 2022 (the “**Hoe Leong PSP**”) and which allows the Company to award fully-paid Shares to eligible participants (“**Performance Shares**”), an aggregate of 10,833,334 Performance Shares will be vested and issued to employees of the Company after the date of this announcement and by 31 December 2024.

As at the date of this announcement, the 10,000,000,000 Subscription Shares represent approximately 66.3% of the Existing Share Capital.

The Subscription Shares, when fully issued and allotted by the Company to the Subscriber, will represent approximately 39.8% of the the enlarged share capital of the Company (comprising 25,098,185,326 Shares) based on the Existing Share Capital and after Completion, which includes the issue and allotment of (a) the 10,000,000,000 Subscription Shares and (b) the 10,833,334 Performance Shares to be vested and issued to employees of the Company under the Hoe Leong PSP by 31 December 2024 (but shall exclude any Option Shares and any further Performance Shares which may be vested and issued to Directors and/or employees of the Company under the Hoe Leong PSP after 31 December 2024) (the “**Enlarged Share Capital**”).

In view of the above, upon Completion of the Proposed Subscription, the Subscriber will become a controlling shareholder of the Company.

The Subscription Shares, when allotted and issued, shall be duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the Mainboard of the SGX-ST, and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the Completion Date.

4.2. **Subscription Consideration**

Subject to all the Conditions Precedent being satisfied, fulfilled or waived (as the case may be), the Subscription Consideration shall be paid by the Subscriber to the Company in three (3) tranches as follows:

- (a) S\$2,000,000 (the “**Tranche 1 Consideration**”) shall be paid by the Subscriber by 30 November 2024;
- (b) S\$3,000,000 (the “**Tranche 2 Consideration**”) shall be paid by the Subscriber by 31 December 2024; and
- (c) S\$15,000,000 (the “**Tranche 3 Consideration**”) shall be paid by the Subscriber by 31 December 2024.

Subject to: (i) the payment by the Subscriber, and the receipt by the Company, of the Subscription Consideration in full; (ii) all the Conditions Precedent being satisfied, fulfilled or waived (as the case may be); and (iii) the fulfilment of the customary completion obligations as set out in the Subscription Agreement, all 10,000,000,000 Subscription Shares shall be allotted and issued on the Completion Date.

4.3. **Subscription Price**

The Subscription Price of S\$0.002 per Subscription Share is equivalent to the volume-weighted average price of S\$0.002 per Share for trades done on the Company’s Shares on the SGX-ST on 23 July 2024, being the last full market day on which the Company’s Shares were traded immediately preceding the date of the Subscription Agreement and the trading halt called by the Company on 29 July 2024.

4.4. **Authority to Issue the Subscription Shares**

Rule 805(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) states that except as provided in Rule 806 (i.e. where shares are issued pursuant to a general mandate), an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer. Rule 803 of the Listing Manual further states that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

As the Subscription Shares (and the Options and the Option Shares) will not be allotted and issued pursuant to the Share Issue Mandate and the Proposed Subscription will result in a transfer of controlling interest in the Company to the Subscriber (as explained in paragraph 4.1 of this announcement), the Company will be seeking specific Shareholders’ approval for the Proposed Subscription and the issue and allotment of the Subscription Shares at an EGM pursuant to Rules 803 and 805(1) of the Listing Manual.

The Circular is expected to be issued and despatched by the Company to its Shareholders in due course, containing the necessary information in relation to the Resolutions. Please refer to paragraph 9 (*Regulatory and Shareholder Approvals Required*) of this announcement for further details of the regulatory and shareholder approvals required.

4.5. **Rationale and Use of Subscription Proceeds**

The Company has chosen to offer the Subscription Shares to the Subscriber primarily to raise funds for general working capital and potential business expansion. The Proposed Subscription is expected to strengthen the Company’s balance sheet and provide flexibility for the Group as the Group explores organic and new opportunities for sustainable growth.

The aggregate proceeds from the Tranche 1 Consideration and the Tranche 2 Consideration of S\$5,000,000 (the “**Tranche 1 and 2 Proceeds**”) will be used by the Company in the following proportions:

Use of Tranche 1 and 2 Proceeds	Percentage Allocation (%)
(i) Payment of professional fees	2%

(ii)	Business expansion opportunities in relation to the Group's heavy equipment business	20%
(iii)	General working capital purposes	78%

The proceeds from the Tranche 3 Consideration of S\$15,000,000 (the “**Tranche 3 Proceeds**”, and together with the Tranche 1 and 2 Proceeds, the “**Subscription Proceeds**”) will be used by the Company in the following proportions:

	Use of Tranche 3 Proceeds	Percentage Allocation (%)
(i)	Business expansion opportunities	100%

Any disbursement of the Subscription Proceeds (in accordance with the stated uses above) requires the joint approval of an authorised representative of each of the Company and the Subscriber.

Pending the deployment of the Subscription Proceeds for their respective uses as indicated above, such proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements as and when the Subscription Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement.

The Company will also provide a status report on the use of such Subscription Proceeds in the Company's annual reports and interim and full year financial statements. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Tranche 1 and 2 Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Tranche 1 and 2 Proceeds have been applied in the Company's announcements and annual reports.

4.6. **Rule 812 of the Listing Manual**

As at the date of this announcement, the Subscriber does not fall within any of the categories of persons whom the Company is prohibited from issuing shares to, as provided for by Rule 812(1) of the Listing Manual. Accordingly, none of the Subscription Shares will be placed to any person who is a Director or substantial Shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

4.7. **No Placement Agent**

No placement agent was appointed for the Proposed Subscription. The Proposed Subscription will be carried out pursuant to the “private placement” exemption under Section 272B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”). Accordingly, no prospectus or offer information statement will be issued in connection with the Proposed Subscription.

5. **SALIENT TERMS OF THE PROPOSED GRANT OF OPTIONS**

5.1. **Salient Terms and Conditions of the Options**

The salient terms and conditions of the Options are summarised below:

Consideration: S\$1.00.

Status of the Options: The Options constitute valid, legally binding and enforceable

obligations of the Company and are unlisted.

Transferability of the Options:

The Subscriber may freely and from time to time transfer all or any of the unexercised Options to its Affiliate(s) (as defined below) (and no other person), provided that no further onward transfer of Options shall be permitted by such Affiliate(s) unless such transfer is made to the Subscriber. Save as aforesaid, the Options are non-transferable.

“**Affiliate**” means, with respect to any entity, any other entity directly or indirectly controlling, controlled by or under common control with, such entity and shall include a subsidiary, holding company and a related corporation.

Exercise Rights of the Options:

Each Option entitles the holder of the Option (the “**Option Holder**”) to subscribe for one (1) Option Share at the Exercise Price (as defined below) during the Exercise Period (as defined below).

Subject to the Conditions, the Option Holder may only exercise the Options in tranches of S\$5,000,000 at any time during the Exercise Period (with fractional entitlements to be disregarded), save where the balance of Options held by the Option Holder is less than S\$5,000,000, in which case, the Option Holder may exercise all (and not only some part) of such balance of the Options (with fractional entitlements to be disregarded).

Exercise Price:

The exercise price shall be the sum payable in respect of each Option Share for which an Option Holder shall subscribe upon the exercise of an Option (the “**Exercise Price**”), which shall be S\$0.0022, subject to such adjustments as may be required pursuant to the Conditions (as summarised below in the section titled “*Adjustments*”).

Exercise Period:

The exercise period means the period during which the Options may be exercised commencing on and including the date of issue of the Options and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Options, unless such date is a date on which the register of members of the Company is closed or is not a market day, in which event, the exercise period shall end on the date prior to the closure of the register of members of the Company or the immediately preceding market day, as the case may be (the “**Exercise Period**”).

Exercise Date:

The exercise date, in relation to the exercise of the Options, means the market day (falling within the Exercise Period) on which the applicable conditions referred to in the Conditions are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, provided that if any such day falls on a date when the register of members of the Company is closed, the exercise date shall be the following market day on which the register of members is open (the “**Exercise Date**”).

The Options which are exercised shall (provided that the applicable conditions referred to in the Conditions have been satisfied) be treated as exercised on the Exercise Date, and shall immediately thereafter be cancelled upon the issue and allotment of the relevant Option Shares to the Option Holder.

Expiry Date:

The last day of the Exercise Period (the “**Expiry Date**”).

Adjustments:

The Exercise Price and the number of Options are subject to certain anti-dilution adjustments under circumstances provided for in the Subscription Agreement. Such circumstances relate to, *inter alia*:

- (a) an issue by the Company of Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund and any free distribution or bonus issue of Shares but excluding any issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
- (b) a Capital Distribution (as defined in the Conditions) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (c) an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights, or issue or grant to the Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares; or
- (d) any share split, consolidation, reclassification or sub-division of the Shares,

subject to any exceptions as set out in the Conditions.

Notice of Expiry:

The Company shall, not later than one (1) month before the Expiry Date, announce the Expiry Date on the SGXNET. Additionally, the Company shall, not later than one (1) month before the Expiry Date, take reasonable steps to notify the Option Holder(s) in writing of the Expiry Date and such notice shall be delivered in accordance with the Conditions.

Alteration to Terms:

No material alteration to the terms of the Options after the issue thereof to the advantage of the Option Holder(s) shall be made, unless the alterations are made pursuant to the Conditions or the prior approval of Shareholders in general meeting has been sought.

No modification or alteration shall materially adversely affect the rights attaching to any Option granted prior to such modification or alteration, except with the written consent of the Option Holder(s) holding or representing not less than fifty per cent. (50%) of the Options for the time being unexercised.

Written notice of any modification or alteration made in accordance with the Conditions shall be given to all Option Holders.

Governing Law:

The Options and the Conditions shall be governed by and construed in accordance with the laws of Singapore.

5.2. Issue Size

As at the date of this announcement, the 6,818,181,818 Option Shares (assuming full exercise of the Options by the Subscriber) represent approximately 45.2% of the Existing Share Capital, and the 10,000,000,000 Subscription Shares and the 6,818,181,818 Option Shares (assuming full exercise of the Options by the Subscriber) collectively represent approximately 111.5% of the Existing Share Capital.

The Subscription Shares and the Option Shares (assuming full exercise of the Options by the Subscriber), when fully issued and allotted by the Company, represent a total of 16,818,181,818 Shares or approximately 52.7% of the total enlarged share capital of the Company (comprising 31,916,367,144 Shares) based on the Enlarged Share Capital and assuming full exercise of all the Options by the Subscriber (which includes the issue and allotment of the Option Shares but excludes any further Shares which may be vested and issued to Directors and/or employees of the Company under the Hoe Leong PSP after 31 December 2024) (the “**Total Enlarged Share Capital**”).

The Option Shares, when allotted and issued, shall be duly authorised, validly issued and credited as fully paid-up, free from any and all Encumbrances, listed and tradable on the Mainboard of the SGX-ST, and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the relevant date of issue of such Option Shares.

5.3. Exercise Price

The Exercise Price of S\$0.0022 per Option Share represents a premium of 10% to the volume-weighted average price of S\$0.002 per Share for trades done on the Company’s Shares on the SGX-ST on 23 July 2024, being the last full market day on which the Company’s Shares were traded immediately preceding the date of the Subscription Agreement and the trading halt called by the Company on 29 July 2024.

5.4. Authority to Issue the Options and the Option Shares

Further to paragraph 4.4 (*Authority to Issue the Subscription Shares*) of this announcement, the Company will be seeking specific Shareholders’ approval for the Proposed Grant of Options and the issue and allotment of the Option Shares at an EGM to be convened pursuant to Rules 803, 805(1), 812(2) and 824 of the Listing Manual.

5.5. Rationale and Use of Option Proceeds

Further to paragraph 4.5 (*Rationale and Use of Subscription Proceeds*) of this announcement, the Company has chosen to grant the Options to the Subscriber so as to raise funds for general working capital and potential business expansion.

The amount of proceeds which can be raised from the Proposed Grant of Options is dependent on the number of Options validly exercised by the Subscriber during the Exercise Period. Assuming that all 6,818,181,818 Options are validly exercised during the Exercise Period, the aggregate gross proceeds from the issue and allotment of the Option Shares will be S\$15,000,000 (the “**Option Proceeds**”).

Aside from administrative costs such as listing expenses involved in the issue and allotment of the Option Shares, no material expenses are expected to be incurred from the Proposed Grant of Options. Assuming that all the Options are validly exercised, the Option Proceeds will be used by the Company in the following proportions:

Use of Option Proceeds	Percentage Allocation (%)
(i) General working capital purposes	10-40%

(ii) Business expansion opportunities	60-90%
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Pending the deployment of the Option Proceeds for their respective uses as indicated above, such proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements as and when the Option Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement.

The Company will also provide a status report on the use of such Option Proceeds in the Company's annual reports and interim and full year financial statements. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Option Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Option Proceeds have been applied in the Company's announcements and annual reports.

5.6. **Rule 812 of the Listing Manual**

As at the date of this announcement, the Subscriber does not fall within any of the categories of persons whom the Company is prohibited from issuing shares to, as provided for by Rule 812(1) of the Listing Manual. Accordingly, none of the Options will be placed to any person who is a Director or substantial Shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

5.7. **No Placement Agent**

No placement agent was appointed for the Proposed Grant of Options. The Proposed Subscription will be carried out pursuant to the "private placement" exemption under Section 272B of the SFA. Accordingly, no prospectus or offer information statement will be issued in connection with the Proposed Grant of Options.

6. **FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS**

6.1. The financial effects of (a) the Proposed Subscription only and (b) the Proposed Transactions, as set out in paragraphs 6.3 and 6.4 respectively, are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Subscription or the Proposed Transactions.

6.2. The financial effects on the Group have been computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("FY2023") and the following bases and assumptions:

- (a) the expenses incurred in connection with the Proposed Subscription (in the case of paragraph 6.3) and the Proposed Transactions (in the case of paragraph 6.4), and any interest income which may be earned or generated from the placement of the Subscription Proceeds and/or Option Proceeds in interest-bearing accounts, are disregarded for the purposes of calculating the financial effects;
- (b) the financial effects of the Proposed Subscription (in the case of paragraph 6.3) assume that only the Subscription Shares are allotted and issued (i.e. none of the Options are exercised and, accordingly, no Option Shares are allotted and issued);
- (c) the financial effects of the Proposed Transactions (in the case of paragraph 6.4) assume that all the Subscription Shares and Option Shares are allotted and issued;
- (d) the financial effect on the consolidated net tangible assets ("NTA") per Share of the Group is computed based on the assumption that the Proposed Subscription (in the case of

paragraph 6.3) and the Proposed Transactions (including the issue and allotment of the Option Shares) (in the case of paragraph 6.4) were completed on 31 December 2023; and

- (e) the financial effect on the consolidated earnings per Share (“EPS”) of the Group is computed based on the assumption that the Proposed Subscription (in the case of paragraph 6.3) and the Proposed Transactions (including the issue and allotment of the Option Shares) (in the case of paragraph 6.4) were completed on 1 January 2023.

6.3. Financial effects of the Proposed Subscription

NTA per Share

	Before the Proposed Transactions	After adjusting for the Subscription Shares
NTA of the Group (S\$'000)	25,448	45,448
Number of issued Shares ('000)	15,070,875	25,070,875
NTA per Share (Singapore cents)	0.17	0.18

EPS

	Before the Proposed Transactions	After adjusting for the Subscription Shares
Profit attributable to equity holders of the Group (S\$'000)	250	250
Number of issued Shares ('000)	15,070,875	25,070,875
EPS (Singapore cents)	0.00*	0.00*

* Less than 0.01 Singapore cents.

6.4. Financial effects of the Proposed Transactions collectively

NTA per Share

	Before the Proposed Transactions	After adjusting for the Subscription Shares and the Option Shares
NTA of the Group (S\$'000)	25,448	60,448
Number of issued Shares ('000)	15,070,875	31,889,057
NTA per Share (Singapore cents)	0.17	0.19

EPS

	Before the Proposed Transactions	After adjusting for the Subscription Shares and the Option Shares
Profit attributable to equity holders of the Group (S\$'000)	250	250
Number of issued Shares ('000)	15,070,875	31,889,057
EPS (Singapore cents)	0.00*	0.00*

* Less than 0.01 Singapore cents.

7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions, other than through their respective directorships and/or shareholdings in the Company, if any.

8. WHITEWASH WAIVER

8.1. Under Rule 14.1 of the Takeover Code, except with the SIC's consent, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (including, where applicable, to make a general offer for the downstream companies held by such company) (a "**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

8.2. Assuming that the Options are exercised in full, the Subscriber will hold such number of Shares representing approximately 52.7% of the Total Enlarged Share Capital.

8.3. This triggers the requirement for the Subscriber to make a Mandatory Offer, unless a Whitewash Waiver is obtained from the SIC and the approval of independent Shareholders is obtained for, *inter alia*, the Whitewash Resolution, at an EGM to be convened.

8.4. The Company will in due course submit an application to the SIC to seek the Whitewash Waiver for the Subscriber to make a Mandatory Offer as a result of the issue and allotment to the Subscriber of the Subscription Shares pursuant to the Proposed Subscription and the Option Shares pursuant to the exercise of all Options, and will make the necessary announcements upon receipt of the Whitewash Waiver from the SIC.

9. REGULATORY AND SHAREHOLDER APPROVALS REQUIRED

9.1. The Proposed Transactions will be subject to several conditions, including but not limited to the Whitewash Waiver being granted by the SIC; the specific approval of shareholders for, *inter alia*, the Proposed Subscription, the proposed issue and allotment of the Subscription Shares pursuant to the Proposed Subscription, the Proposed Grant of Options, the proposed issue and allotment of

the Option Shares pursuant to the exercise of Options granted under the Proposed Grant of Options, and the proposed transfer of controlling interest in the Company to the Subscriber; and the approval of independent Shareholders for the Whitewash Resolution, at the EGM to be convened.

- 9.2. 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, will be despatched to Shareholders in due course.
- 9.3. In addition, the Company will in due course apply to the SGX-ST for the listing of and quotation for the Subscription Shares and the Option Shares (when issued pursuant to the exercise of the Options) on the Mainboard of the SGX-ST, and will make the necessary announcements upon receipt of the approval in-principle of the SGX-ST for the listing of and quotation for such shares.

10. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Transactions.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Transactions will be completed or that no changes will be made to the terms thereof. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at the principal place of business of the Company at 6 Clementi Loop, Singapore 129814 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Yeo Puay Hin
Executive Director and Chief Executive Officer
29 July 2024